

BRITISH COLUMBIA: Fish Come First • MUSIC: Barenaked in America

Maclean's

CANADA'S WEEKLY

NEWSMAGAZINE

JULY 20, 1998

BIG WHEELS



The roads are jammed with sport trucks this summer. Environmentalists hate them. Other drivers fear them. Their owners (and oil companies) love them.

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From The Editor

The politics of big money

With little fanfare, many back-page newspaper stories—one of the most revealing documents of the political season was released in Ottawa in July 3—a Friday, the customary day for dropping information that is meant to be ignored. For good measure, it earned a steaming title: "Registered Political Parties' Fiscal Period Re-

Tories for 1997." Translation: where the money went. For political parties, the fiscal year was over, the overall pattern providing insights into how major players and interest groups support the political system and wield influence.

Toronto Mayor and Financial wiz Michael McGuckin, a Conservative senator gave his party \$117,500, the largest single donation to the BC. Close behind was the executive chief Ted Rogers, who gave the Tories \$81,400. Although his company also donated more than \$10,000 to the Liberals and \$20,000 to Reform, Tony Pratt (\$50,000) and RBC Director (also contributed \$20,000) to the Liberals. Prince

Minister Jean Chretien gave nearly \$1,750. John Turner donated \$200. Pierre Trudeau obviously feels he doesn't owe them anything; he gave the Liberals not a cent.

The big news was big business. Contributions to all parties totalled \$46.5 million, of which \$31.2 million—65 per cent—came from the banks or their investment arms. The Bank of Nova Scotia and its brokerage house, Scotia McLeod, gave the Liberals \$22.3 million, the Tories \$10.561 and Reform \$49,320. Far people who have been busy, both in the oil big-hands that are so far seeking approval for a major

As for the others? not

The Coopers and its investment arm, CIBC Wood Gundy, gave



Clashes in 1997: the file profit was riveting

Newsroom Notes:

The 100 Canadians

The ranking of the 100 Most Important Canadians featured on the cover of the July 1 issue has provoked just about every emotion, except indifference. There have been heartfelt letters from readers who pored over the project as a useful history lesson. There have been puzzled letters, there have been angry letters. There have been ob-



Warren decorated war hero

cents about the people left off and the people left on. Writing on the back page of this magazine, columnist Peter D'Amato vented about the inclusion of New Brunswick entrepreneur K. C. Irving.

The strongest attack came in the July 5 Sunday New York Times, where Toronto-based reporter Anthony DePalma vented about the selection of Georges Vanier, one of the country's most decorated war heroes. He dismissed Vanier as "a one-legged, belligerent First World War hero and representative of the queen whose entry in the authoritative Canadian Encyclopedia is but two paragraphs long." He noted that the list also included "Sandy Fox, a one-legged ranger who raised funds to fight cancer." All this was puzzling in that DePalma comes from a nation where many people share a serious disability—their heads swell when their national anthem is played.



the Liberals (\$200,000), while their patriotic partners over at Toronto Dominion Bank gave \$100,000. Meanwhile, the Royal Bank and still-dominant RBC Dominion Securities gave the governing party \$184,000 to its funding partners. Bank of Montreal, donated \$106,000. Other major contributors to the government party are companies that have benefited disproportionately, from Lib oil supplier, Suncor Inc. and fuel Canada gave \$111,000. (Contributors of defence contractor Babcock gave \$85,000.) You get the idea.

Now a couple of positive points. All of this happens in the open—with parties required to report donations to Elections Canada. And the Christian Heritage Party did not. And off to come later this month are details of the expenses incurred by the parties in the last election. That they have had more than a year to polish their books is a mild case—mild when you consider what goes on in places like Northern Ireland.

Still, it is difficult to resist the thought that too much money flows to the parties through special interests. Of the total \$1.6 billion collected by the Liberals, fully 40 per cent came from individuals. The Tories took in \$1.2 million, 58 per cent from business. Reform's \$0.7 million came mainly from individuals. 75,000 people gave a total of \$0.5 million. The NPD received only a smattering of corporate money but \$0.7 million raised personally. Fully \$1.1 million came from unions. The Blue Quakers, which does not accept donations from major corporations, raised \$2.1 million. It prefers to pursue the money.

Robert Lewis

What's On Your Mind?



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The Mail



Professor: an amazing Canadian unknown in his country

Debating 'The 100'

Your cover story made for very interesting reading. But did it have many flaws, not the least of which was its treatment of women? You found rooms for 34 women among the 100 most influential Canadians; two of these were fictional characters, one, a Native Elder; no less, was sampled only because "she gave her husband perspective and confirmation"; one was a fortune-teller; one was a star at fit in the mining industry; and one was chosen because she had annual lessons with her infant minister. It seems to me that this parity collection of women can only be explained by the limited resources used by your research team. There is no shortage of remarkable women in Canada.

Dawn Brown,

Sainte de Beaucore Institute
Concordia University
Montreal

Your panel seems to have confused "important" with "admirable." An important person is one without whom this country and the world would have been immeasurably diff-

LETTERS TO THE EDITOR

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A native Montrealer

I was born and raised in Montreal. I am not a sovereignist. I do hate Quebec self-government in Canada. But when I read comments like William Johnson's about the anglophones' language rights in Quebec, it outrages me ("P'tit Mal" unleashed," Canada, July 6). I do not understand what the anglophones are complaining about, at least the ones who live in Montreal. You can lead a perfectly normal life if you're an anglophone in Montreal. There is everything you can think of: English newspapers, radio and TV stations, hospitals, universities, colleges, theatres, libraries, pubs, etc. In some areas, it is even difficult to find French-speaking people! To my knowledge, there never was a better-treated minority in Canada than the anglophones in Quebec, particularly in Montreal.

Francesca Notebart,
Coquitlam, B.C.

I was very pleased to see that one of the most important Canadians in history was Regis LaFosse. I have been exposed to him as a broadcast, that such an amazing Canadian is virtually unknown to the great majority of citizens of this country. Although the article did not specifically mention it, the census nearly a century of radio information and entertainment has been available because this system gave radio its sound. Believe that, the only sound was the click of a Morse code key.

Wilson Shuster,
Kensington, N.S.

Congratulations on a very fine article, "The 100 Most Important Canadians in History" (Cover, July 3). It is such a joy to see famous Canadians displayed this way. Perhaps we can now rename places like Mount Washington on Vancouver Island something like Mount Gould. This article made me, once again, proud to be a Canadian.

Mary McTigue,
Langley, B.C.

A 'pathetic life'

There are thousands of individuals in the world working and contributing to the advancement of society. Who could choose to chronicle the contributions of any of these people, which would help your readership's understanding of how waging advances. Unfortunately, you chose Albert Walker and the age-old practice of death, deceit and incest ("Death and deceit," Cover, July 3). Telling the story of the pathetic life of Walker contributes nothing to your readership.

Mark E. Wiesner,
Edmonton, Alberta

THE MAIL

Land of opportunity?

In your June 22 edition, The Star News less titled "Land of opportunity?" In this article, the author stated that despite his impressive qualifications he could not find work. There is a very simple solution for someone as qualified as this, and which follows the approach that tens of thousands of immigrants have followed over the many years people have been coming to Canada. Start your own business. If the author is as good as he says, then he will find Canada is indeed the land of opportunity. If not, well, then perhaps the problem is not Canada.

Christopher Silver,
Saskatoon

The brain drain

Recently mentioned in articles such as "The Axis wins" (Canada, 7), Report, June 18 and later associated with Canadian tourism is the fact that we live in a larger country than the United States with about one-tenth the population. If we tried to run this country on the same size of institutions as the States, we would have to reduce infrastructural services and our social programs drastically. It should also be recognized that at least

some of the brain drain, particularly in scientific fields occurs because of reduced participation for new graduates because of government cutbacks to scientific research.

Al McRae,
St. Catharines, Ont.

Remembering Flora

I was glad to see Flora McDonald remember

in Opening Notes (June 15 Double-Page)

that article appeared, I had hoped to

hear she was still challenging the leader

of the Progressive Conservative Party

which she was the best-qualified candidate to the PC leadership and was only beaten by her gender. Today, I feel she is still the strongest candidate.

Darryl Greenway
Sault Ste. Marie, Ont.

The health report

I read your health report very enlightening, especially for what it demonstrated and did not explore ("The Maclean's Health Report," Cover, June 12). Politicians tell us that seniors account for a major share of health care dollars. However, you barely

mention seniors in your report. In fact, the number 1 use of hospitals according to your report, is pregnancy and childbirth and abortion—nearly a seniors' issue. On the other hand, that use demonstrates that younger women will be bearing the brunt of hospital closures. Second, seniors have been described as the major group of "bed-blockers," who prevent the efficient use of hospital beds. Yet your report shows that the number 1 cause of bed-blocking is totally avoidable—again, hardly a seniors' issue. I don't know what's more shameful in our country: the mythologizing of the money.

Edith Mengesha,
President, Canadian Association
of Retired Persons,
Toronto

"The Maclean's Health Report" failed to address the benefits of parks and recreation as important determinants of a community's health. Parks such as dirt, education and accessible parks in conjunction with affordable access to green spaces, active living and recreation are critical components of where health facilities should be located. As a result of the environmental issues involved in play, improving our overall health will be effective.

Geoffrey Roger
Secretary, B.C.



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the world to drive. After all, it's not
just any Honda we're starting over
again on here. It's every Honda.

HONDA



Turning the tide

BY JOHN DEMONT

David Anderson went fly-fishing last week under the circumstances, it seemed an act of international self-sabotage. B.C. Premier Glen Clark had, after all, gone to Washington, where he suggested, most indignantly that the federal fisheries minister is a traitor—and that the salmon die-off deposit had negotiate with Washington since it was a sellout. All along the B.C. coastlines, Canadian fishermen were miffed about how Anderson's "leave-the-fish" approach to his job has translated into the death knell for their communities. Meanwhile, negotiations with Alaska to protect endangered stocks of chinook salmon in northern waters were ongoing. But that did not prevent the man in the middle of the storm from heading down the Restigouche River in New Brunswick for two days. He'd crossed the political mapline by cell phone. But mostly he stood history deep in the steamingly beautiful river casting—unashamedly—for salmon. "Moving water gives you a sense of life," he mused. "You look at that fish, similar everything it has going through and up. There's got that hometown feel."

It was a slice of whistful reminiscence from the today-beaten-forces environmental consultant. Anderson will never match the brash Clark quota for quip—but he'll be judged on his policies, not his poetry. A week after Anderson negotiated the short-term salmon conservation deal with Washington state, talks with the Alaskan government—which strongly disagrees with Canadian scientific reports that the northern salmon are endangered—broke down over Ottawa's insistence on strict conservation measures. But Anderson, and his unconfessible impressions that, while success on the international front was a mixed bag, his willingness to break with the department of fisheries and oceans' just practice of steering clear of controversial jobs over conservation is at least some gains in British Columbia. And that alone is an accomplishment for a minister who entered the treacherous perils of life-long expectations, and unwillingly began restructuring fisheries on the East and West coasts, throwing fishermen out of work and devastating coastal communities.

In this second straight summer of B.C.-Ottawa sound-bite warfare over fish, Anderson is hoping that his resiliency will prevail over the belligerent Clark. The venerable logic of this "fish-first" policy seems to be catching on as environmentalists, newspaper columnists and even non-experts who increasingly support his argument that fishing any species to extinction is environmental genocide and ecological folly. For now, at least, Anderson passes for political chic: a recent Angus Reid poll showed that the vast majority of Canadians support his decision, just month to effectively shut down the province's fragile robe-fishery because the fish are endangered. The July 3 deal with Washington—under which the states agreed to limit its catch of sockeye bound for the Fraser River to 20 per cent, indefinitely



Anderson is New Brunswick's 'conservation, conservation, conservation'

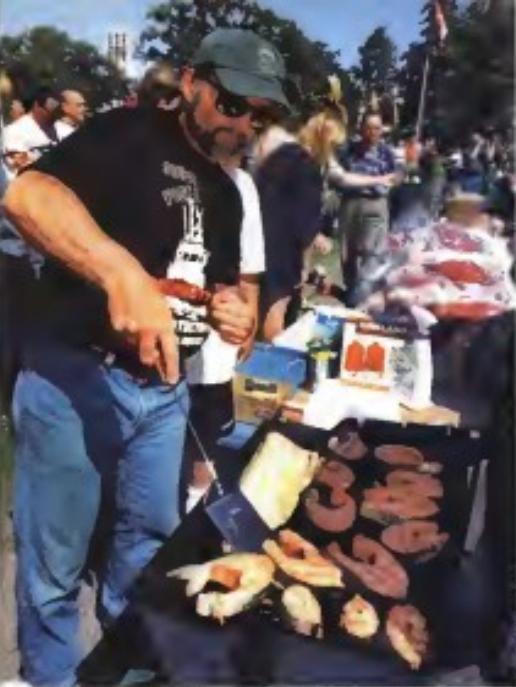
Ottawa's 'fish-first' policies are catching on

strictest fishing period—may have left the Clark government and fatherless's groupies apoplectic. But it also swelled the ranks of Anderson converts among the broader population. "By winning the war for popular opinion, Ottawa's Vancouver radio talk show host Dale Macarthur, Anderson's critic who now evinces someudging respect, "sent it think justifiably."

The failure to get the Alaskans to abide puts some of the newfangled sheen of pink. For one thing, Clark just keeps marching harder. Last week, he told state department officials in Washington that his presence will "aggressively" pursue its goal of closing a U.S. navy torpedo testing range off Vancouver Island to protect Alaskan overfishing. "People are gullible to the trick in British Columbia," he told a news conference. "Canada has completely sold out British Columbia's interests in Pacific salmon."

These are worrisome words to Alaskan and Canadian officials, who fear that talk like that—along with anger over Alaska's refusal to limit chinook fishing—could lead to a repeat of the demonstrations that occurred last August when protesting Canadian fishermen blockaded an America ferry for three days. Ottawa insiders, noting that Clark is way behind in the polls, say he is using the threat of closing the range in the public eye to win political capital from the province's sagging resource-based economy—and carry this with its primary political audience of unemployed fishery and forestry workers. "Clark is acting dangerously and irresponsibly," charged one of Anderson's observers.

If the talk shaves off newspaper letter pages is any indication,



Salmon barbecue during fisherman's protest at B.C. legislature demanding a moratorium

along with the push for new conservation agreements with the Americans, stand as two offshoots of Anderson's approach. But the hardest decisions he has had to make on the job have been closing fisheries.

In that regard the minister—who on the day of his swearing-in said his main task would be "maximizing conservation, conservation"—has broken with the tradition established by so many of his predecessors. When department scientists discovered that stocks of northern cod off Newfoundland had fallen to dangerously low levels in the 1980s, they warned managers to make drastic cuts in catch quotas—or risk wiping out the cod altogether. Yet Tom Stellies and Bernard Valcourt, who both held the post in Brian Mulroney's government, were only willing to touch catch quotas back slightly. The south codfish was left to their fellow Tory, Newfoundland's John Crosier, who, in 1992, finally shut the East Coast cod fishery altogether. "Too often in the past political pressure took priority over science and scientific advice," he concluded.

Anderson says that will never happen on his watch. His environmental heart map is politically astute, but it is also rooted in his own background. An environmentalist and engineer, the former B.C. Liberal leader also helped prepare a major report on the 1989 Exxon Valdez disaster while working as an environmental consultant. Since taking over the federal job 13 months ago, he has shut the Labrador commercial salmon fishery; round-net fish to fully reopen the East Coast northern cod fishery; and freed brook salmonid禁令 in Prince Edward Island after his department increased the minimum size for landed lobsters—all in the name of conserving stocks.

But his toughest test is in his home province, where he is the Christian government's closest political天然人. The spring march between British Columbians and Quebecers has been noisy and personal. Clark alleges that Anderson has sold B.C. fishermen out to the Americans. Anderson says the B.C. government is a mouthpiece for the leaders of the provincial fishing organization. Throughout, Anderson sticks to playing the plodding, earnest line of the fall guy, avoiding the bait of Clark's most outrageously hostile remarks. "Anderson has the courage to make the tough decisions," asserts Francis Gauthier, director of Simon Fraser University's science and continuing studies department. "For a politician that is not as easy thing to do."

Can it last? Breaching the stalemate with Alaska is critical. One angler who alleged U.S. overfishing was the bush penultimate to the findings by Canadian ministers of the America Jerry II Prince Report—a confirmation Anderson does not want to see repeated. "Clark," he says, "does not seem to understand that cooperation and negotiation are the only ways to deal with the United States and to preserve the salmon." Subsidies as they might sound, for Anderson, those are fighting words.

NINA CHIASSI WOOD in Victoria



CANADA

THE MIRAMICHI

River of contention

Vincent Sweeney, an outfitter and guide with 45 years' experience on New Brunswick's famed Miramichi River, looks pleased. A client from New Jersey has just called to cancel an trip he will be arriving at the fall for a full week of fishing. "There you go," says Sweeney, hanging up the phone. "People won't fish if they think that things aren't so hot." For Sweeney and his colleagues on the Miramichi system—home to some of the world's best salmon fly-fishing—such calls have been all too rare this summer. About the pleasure river that for decades has acted as a magnet for well-heeled Euro-trippers—including former Boston Red Sox great Ted Williams, leg enquirer US first pilot Chuck Yeager, and senior Robert De Niro—many sport-fishing operators are reporting early season bookings down between 25 and 50 percent from last year. It is a trend that threatens to put a serious dent in a \$30-and-billions industry. The reason many American anglers, the lifeblood of the Miramichi economy, have been scared away by a depleted salmon lottery? Bad news, Sweeney finds, trenchly says: "They know about as quickly as New York and Canada what's going on up here on the river," he says.

Just as galling as the dollar losses is the conviction widely held among Miramichi guides, outfitters and lodge owners that

they are the victims of bad press. They say their businesses have been steadily harmed by rising publicity over an alarming decline in the world's Atlantic salmon stocks. The decline has prompted the federal department of fisheries and oceans to cut fishing quotas on the river by half this spring. Andries van Leeuwen, who is responsible for keeping one salmon per day rather than two, and hooking and releasing another. The Miramichi operators say they have little problem with the much-reduced success rate of their clients, but are concerned for the future. "The catch reduction is a concern for our clients," says Sweeney, "but we're not worried."

Falling stocks imperil a \$20-million industry.

Miles at Old River Lodge, scene of the world's best salmon fly-fishing

bowled to international pressure and banned commercial salmon fishing.

Such actions are almost universally applauded by residents along the Miramichi. They question, though, how the recent fishing limits imposed on their river will further the cause of conservation. They point out that commercial fishing has been banned since the early 1990s and that, while stocks are still decline in the river, they remain healthier than in many other areas. As Sweeney puts it, "They tell us the problems with the salmon are in the ocean, and yet they are attacking the waters in the rivers to deal with it."

These concerns are echoed by Arnold Boer, director of fish and wildlife for the province of New Brunswick, who says that Ottawa's latest quotas for the Miramichi "seem to be a real quick knee-jerk reaction. The outlays have suffered greatly because of the bad publicity." Dave Dunn, chief of recreational fisheries for the federal fisheries department, counters that the decline in Miramichi stocks is very real—for example, the number of large, spawning salmon returning to the river has dropped from 30,000 in 1994 to 18,000 in 1997. The manager doesn't want to be called, he adds, in "there's a reason for concern and we're asking for feedback from all parties." Dunn adds, "There's a reason for concern and we're asking for feedback from all parties." Dunn defends the hook-and-release reductions on the grounds that fish never hooked have a higher chance of survival, but he distances his department from slanting media reports. Says Dunn, "The department hasn't put out the message that this resource is in crisis on the Miramichi."

Perhaps not, but according to Alex Mills, a veteran outfitter and owner of Old River Lodge, near Dieppeville, N.B., that is precisely the sort of talk that has reached the ears of the former customers to whom the Miramichi offers: "They come here for the fishing opportunities," says Mills during a recent interview on the front porch of his lodge, as the sun sets slowly over Miramichi. "They don't want to sit idle on the banks because of hook-and-release quotas that do little if anything, to conserve fish."

Dunn's department is currently conducting a mid-season count of the Miramichi salmon stocks, with results expected this week. If the fish numbers are up this year, a run along the river likely claim: "Then again the quota cuts will be reversed. But Mills fears such a decision would come too late to make much difference, at least for now. "Once the customers are lost, it's hard to get them back," he says. "It's looking like a pretty bleak summer."

BRIAN HERZMAN

CANADA



St. Michael's: key recommendations that affect both schools and the police force

Dissecting a tragedy

The jury rules on the suicide of a choirboy

For 17 days, the Toronto coroner's inquest into the Dec. 13 suicide of 17-year-old Kenneth Au Young had listened to depressing testimony. The most striking moment was the July 3 appearance of Catherine Au Young. In a hushed voice, she testified that her son, who was found dead in his dormitory at the official policy of the Toronto Catholic District School Board. But the students said, they had been told the marching was "unlawful"—in other words, that Au Young could not tell. The students also said that Dower, an administrator of the school who was present at Ryerson's protest, showed them his badge and warned them they could potentially face criminal charges. Hours later, Au Young killed himself.

The Young family had asked the inquest to remain anonymous to spare other families that tragic experience. "I told [Edell] it was there that morning, I told [Edell] it was there that morning," said Kenneth's mother. "I was alone," Catherine Au Young said during her emotional testimony. Of the school administrators who were not in her son's cell house, she added, "It was their own children, they would want to be there. I find that quite difficult to take." And for the grieving mother, there was never any question that the meeting with Ryall and

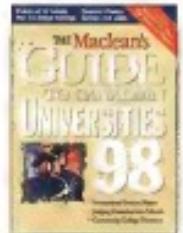


Au Young: often emotional testimony

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CANADA

Dawson drove her son to his death. "The significant date is he didn't jump off the bridge when he left home," she said. "He jumped off after the accident."

The next day before the trial, As Young told his parents about the suicide, although he did not tell them her and another boy were responsible. "We said Ryall had threatened to call the police," one cousin said. "I said to Sandra, 'Don't worry if they call the police I have to be there,'" Catherine As Young recalled. But she doesn't think—and many of the appeal jury's 23 recommendations were designed to ensure that such a lapse not occur again. Among other things, the jury said that schools in the Toronto Catholic District School Board should be directed to comply with the board policy requiring mandatory notification of parents if a student involves police in "mischievous" and recent incidents that teachers should be reminded to teach policies every year.

But the jury's recommendations also touched on police practices. Police, the report said, should develop guidelines for the actions of officers, and that of a police officer is asked in a school. "The officer should be cleared with the appropriate supervisor and the events documented." As well, the jury said that police should "know existing programs or expand an existing program dealing with a better understanding of adolescent development."

After the report was brought down, Dawson told Maclean's that the recommendations were "thoughtful—but that he still thought his actions had been appropriate. He said there was no question that the agency would change the way both police and school officials do their jobs, but added "I don't know if it's a good or bad thing. We have to be very careful of the schools not becoming a haven for delinquent behaviour. I don't think the message should be sent that it's OK to do what you want while the school because the principal will be scared to pick up the phone and call the police for help."

As the inquiry finally ended, there was an air of relief outside the coroner's building in downtown Toronto. Doreen Ryall and Hobson hugged family members and supporters. "On balance, I think a lot of good things came out of it," Hobson said. "I don't think there was anything in the recommendations that is harmful to the school." On Dec. 8, I was proud of our school—and on July 10 I am proud of our school." But As Young's parents cling to each other in a tearful embrace. Then, without speaking to reporters they left, carrying the thin sheet of recommendations intended to ensure that other parents might be spared their pain.

STEPHANIE NOLEN

Canada NOTES

CASINO DISPUTE

Former Nova Scotia premier John Savage neatly denied allegations that he improperly overrode the province's planning agency during 1987 negotiations for a proposed casino on the Halifax waterfront. Ralph Palko, the agency's former head, told a legislative committee that Savage was trying to extract \$20 million in concessions from the ITT-Shawinigan hotel chain, the developer's developer. Palko testified that Savage, who left office last year, was determined that the casino be built and feared that cancellation would ensue unless Finance Minister Dennis Beaton, who had accepted the project, "was as unprepared and indecisive" and said he lie map.

NURSE CHARGED

Toole, a police charged maternity ward nurse Rita Prinsen, was found guilty in the death of two-day-old Matthew Detzad. The infant was born on June 10 with severe physical abnormalities and was not expected to live, but an autopsy revealed he died from suffocation.

CHRETIEN WEARS WELL

Almost five years after taking office, Prime Minister Jean Chretien wins his highly popular among voters. An Angus Reid poll taken in June for The Globe and Mail gave him a 65-per-cent approval rating. Even so, 58 per cent feel Chretien should step down before the next election.

COCKER SENTENCED

Conservative Senator Michael Cocker was fined \$3,200 and ordered to perform 120 hours of community service for influence-peddling. The penalty means the Senate could expel Cocker under a contentious clause that provides for the removal of senators convicted of "a felony or any infamous crime." If so, it would mark the Senate's first such action since Confederation.

APOLOGY FOR JANE DOE

Toronto city council voted to issue an apology to the 1988 rape victim known only as Jane Doe, who successfully sued Toronto police for negligence in deliberately failing to warn women that there was sexual assault in their downtown neighbourhood. An Ontario Court judge had awarded Doe \$250,000 in damages.



Eggertson (center) in Ottawa reaching to new military allegations

Scrambling to keep up

"**G**ive us a chance"—that was Defence Minister Art Eggleton's response to new allegations of sexual assault and cover-up in the Canadian Forces. Eggleton said the military's 10-month National Investigation Service is looking into July 13. MacLean's reported that, at 2:30 p.m., five soldiers in CFIS Gagetown in New Brunswick sexually assaulted a severely impaired woman and that no less than 100 up the incident despite two military police investigations.

The Eagle flies

An eagle, diagnosed lame, was salvaged from Toronto, all four wings being missing by its 18-month anniversary—a standard for most amputees. Eggleton who made the single most powerful speech in North American hockey—Anlander and first executive director of the NHL Players' Association, the league's top player agent, and a noted figure in making such international teamwork treatments as the Canada Cup. On Jan. 6, he pleaded guilty in Ontario court to three counts of fraud involving players' insurance and paid a sum of \$1 million. The next day, in Toronto, Eggleton pleaded guilty to another three fraud charges relating to overtime. Canada Cup funds were from former owner Eddie O'Brien and others. The former lawyer Eggleton was dismissed by the owners and will continue at his job as chief executive in a limited-liability firm for the next three to six months.

Reaction to the society's move was mixed. Jeremy Besty, president of the Barrie C Society of Canada, said he sympathized with the aim of compensating the Red Cross' most-widely used as providing aid during natural catastrophes—but thought it "obnoxious" to restrict liability for medical aid to \$100 million. One of the lawyers involved in the lawsuit, though, said he now might be more inclined to sue Besty. While \$100 million is still not good for us, Donald Elliot said, "the reality is that you're not going to get blood from a stone."

tion. The defence minister noted that new measures are in place to make the Forces more accountable.

Eggleton also confirmed that Chief of the Defense Staff Gen. Maurice Baril is under investigation in a case that centres on sexual harassment allegations made against Col. Serge Labbe—the former head of the 1989-1993 Canadian mission of Somalia. At issue is whether Baril was aware of the allegations, which date from 1995.

Meanwhile, new allegations of misconduct continue to surface. Last week, military investigators filed four charges of sexual assault stemming from three recent incidents at Canadian Forces Base Borden, near Borden, Ont. One of the alleged victims was a female civilian secretary; the others were all female sailors.

Provost Marshal Col. Patricia Sancilio announced that, as for five years, unreported cases in the Canadian Forces are up by 50 per cent. According to Sancilio, the NFS has received 110 complaints since 1989, compared with a total of 116 for all of last year. "Thank God they're coming forward," she said.

Blood from a stone'

Under pressure from \$2 billion in lawsuits filed by victims who contracted hepatitis C from tainted blood, the Canadian Red Cross Society announced it was ceasing all ongoing leadership in provincial blood donation services. The non-profit arm of the Red Cross' Canadian Blood Services unit, which takes over the orderly transfer of its blood-system assets to the Canadian Blood Services agency, which takes over the blood bank, is ready to sell its September-held properties, its staff, and its assets to Seatech—while protecting its other operations from legal action. The Red Cross expects that the sale of its 23 transfusion centres, a national inventory and its blood distribution network to the new agency will raise about \$100 million. The money would be used to compensate hepatitis C victims.

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President of Lagos:
the violence
spreads on the heels
of a brutal war

Suspicion and fury

Nigeria erupts over a politician's sudden death

BY NOMI MORRIS

Of Modibbo Abokada's middle names was Kassimou, which in the Yoruba language of his native southwest Nigeria means "leftovers and save." His parents, who had lost several infant children before his birth, chose the name as an expression of optimism and hope. For Abokada, the impressionistic expectation had died suddenly last week, leaving him a tragic waste. Abokada had been in military confinement much of the time since 1981, when he declared himself president a year after winning broad support in a long-delayed election. The death of Jaja, 84, a military strongman Gen. Sani Abacha, who ruled Abokada, had brought the government of the moment to a standstill and prospects for democratic change. But last week, the man who came to personify hope for the future began to cough and complain of pain and hot flashes during a meeting with visiting US delegations. Less than two hours later, Abokada died in hospital. Suspects who had already gathered at his home to await a triumphal return were told instead to prepare for a funeral. Suddenly, there was no more darkness in the streets. Nigerian erupts in grief—and fury.

"You who killed Abokada must pay for what you've done," yelled

protesters in Lagos, where riots erupted within hours and claimed more than 60 lives by week's end. "There is hopelessness and anger," said Gbenga Wasiu, brother of writer Ken Saro-Wiwa, one of nine human rights activists from the Ogoni tribe executed by Abacha in November 1995. "Even if they allow Abokada's body off and come, no one knows how you look like. He was killed because they denied him access to care." Wasi, who now lives in Toronto, told Maclean's, "It means we have to be very imaginative, and creative in order to get out of this mess."

Managing the mess falls to reform-minded ruler Gen. Abdulsalami Abubakar, who took over after Abokada's death. He has sought to reassure Western leaders that he is committed to creating a democratic civilian government. He released 30 of 220 political prisoners in advance of an election that had been set for August, but that election will now surely be postponed. Last week, Abubakar dissolved the cabinet, leaving the ineffective military council in control. He was expected to address his people this week on how to settle the country's political future.

For Nigerians, accustomed to stretch credibility that the two key power brokers in Africa's most populous nation both died of apparent heart attacks within a month, "The fact that Abokada died on the eve of

his release—is highly questionable," said Ottawa-based foreign affairs consultant Robert Henderson, who has lived in Nigeria. "There are obvious substances in the atmosphere of Nigeria that have never even been catalogued by Western science." Recently, Abubakar allowed 13 international teams of scientists, including Ontario coroner James Young, to conduct an autopsy on Abokada. On Saturday the pathologists sent their "preliminary opinion," based on the observations of witnesses, that Abokada died of natural causes. Body fluids samples from Abokada were to be flown to Britain and Canada for further testing.

Liberians stress, however, will not stem a crisis that could either herald a new era of freedom or push the ethnically mixed nation into a civil war that could destabilize the region. "You've heard of Rwanda? I hope that doesn't happen," said chief Cornelius Adelaja, Canadian representative of the Nigerian Democratic Coalition, an umbrella opposition group.

Gbenga Wasi said the democracy movement wants an interim government installed by October in the hope that it can be held by next spring. Opposition leaders, who will meet this week to decide who should follow Abokada as leader, appear to be rallying around prominent lawyer Gen. Ibrahim. The interdenominational community, however, is likely to back a compromise candidate for the interim government: Gen. Olusoga Obasanjo, a moderate in the military who was recently freed from prison. Abokada's 25-year-old daughter, Hadat, a Harvard University graduate who has been an outspoken advocate in the United States for Nigeria's democracy, does not intend to return to her country at this point. "She has returned so much misery and peace that she is very angry about Nigeria, and quite justified," said Wasi, hours before younger Hadat sat in a Washington van on Friday. Hadat has come for her late mother's services while her elder sibling was buried down south in 1996 while on her way to the Canadian High Commission in Lagos, intending to leave the country.

The violent death of Hadat—second among four official wives—typified the brutalities experienced in a country that has been less than 10 years of military rule since its independence from Britain in 1960. The population of 120 million is divided by religion—predominantly Islam in the north, Christianity in the south—and by more than 250 different tribal and ethnic affiliations. Though most of the economy is in a shambles, Nigeria was rated the most corrupt of 141 nations in a survey by Berlin-based Transparency International. A 1997 audit showed that \$18 billion in oil revenue had simply vanished.

Abokada, who was raised in a rural Islamic community, became a lawyer at the University of Gombe, and then joined the military. He later headed the Ahmed and Mobile Eastern operations of the Trans-national Telephone and Telegraph Corp., and eventually founded a business empire including a string of newspapers, oil interests and an airline. Some opposition politicians initially discounted the falsehood, well-entrenched in Abokada due to his frequent business dealings with the military. His final foray into politics in 1990 ended disastrously when his attempt to win the leadership of the National Party of Nigeria was repudiated by members from the Moslem north, who traditionally wield political power. He thought he could buy power with money, and party chief Umaru Dikko, who was a convert to Islam, which helped him bridge the north-south divide. He also tried to overcome tribal rivalries and hostilities between rich and poor. "I should not be the only rich man in Nigeria,"

he said in 1992. "I want to spread wealth like money." Abokada's former ambassador to Nigeria, Walter Carrington, says Abokada turned into a true demagogue during his years in prison. Carrington spoke out last week against the state department's hasty to back Abokada at recent trials, in part because of past rumors linking him to narcotics and money laundering.

Canada, by contrast, has played a lead role in supporting Abokada and the opposition, spending nearly \$12 million since 1996 on efforts to promote political change. Foreign Affairs Minister Lloyd Axworthy has consistently argued Western states to throw their economic weight against Nigeria's regime, as they did against apartheid in South Africa. Nigeria was suspended from the Commonwealth after the Sani-Wiwa execution, but the United States and Britain, which have considerable oil interests in the country, balked when Axworthy pushed for an economic embargo. The Nigerian government fought Canada's policies, claiming an high concentration in Ottawa in October, 1996, and denying entry to Canadian security personnel, which in turn forced Ottawa to temporarily close its mission in Lagos last year.

Since then, dozens of Nigerian activists in Canada, some of whom have gone out of Canadian efforts. Gbenga Wasi commends Ottawa's posture in state assistance finance, but says it is surprised at how little its support it gives to local activists. "You go to Canada, but I'm getting support from Ireland," he said. Foreign Affairs spokesman Jennifer Ladysmith and Canadian forces' efforts on the Commonwealth Ministerial Action Group, which plans to reexamine Nigerian progress in October.

Last week, the situation looked bleak. "I come back from hell," said one Nigerian ex-pat, whose car was assaulted by a mob in the neighborhood of Lagos as clashes between youths and police escalated into mass rioting. "They cause us to lose all our savings." The days that followed saw more deaths, mostly in fighting between Yorubas and Hausas, the domineering group from the north. Troops and riot police surrounded mosques on Friday to deter attacks against Hausas. Muslims headed to prayer. As the violence subsided, soldiers fired, killing scores of Nigeria's 30-mosque conflict in the late 1990s, when the eastern region of Biafra, controlled by the Igbos, attempted to secede. "My son," said Clement Nwankwo, a human rights lawyer and executive director of the Constitutional Rights Project in Lagos, "is that the regards of God willing which we are getting could trigger a民族暴乱 which no one can stop."

Others raised the spectre of Nigeria breaking up. On the streets of Lagos and northern cities, it had been three weeks early for the Yoruba to seize. The southern-dominated oil-rich region of the country is not the majority, because the northern Hausas control the powerful military, while the Ibos in the south. "They are completely different societies and cultures and different in God and Islam," he said. "The north would never let go of the oil money."

In advance of Abokada's weekend funeral, were assured that the crowd could produce a new political culture to help end the country's powerlessness. With Abokada and Abubakar dead, we may have to let off the shock jets which bound us for so long," said journalist Eniola Nwaiwu. How the juntas respond in coming days may determine whether the country moves towards real democracy or sinks into worsening violence.

PAUL FRANK ANDREWS in Lagos



WORLD UNITED STATES

Mismanaged care

Paul Ruskin admits it's been a hard year. He's been compelled to keep fighting.

"Sometimes I wish I could stop." For a few hours every week for almost three years, through rainy winter days and the many hours of a Maryland summer, Ruskin, 53, has paced around a hospital room by the health insurance company he belongs to. He's brought his wife, a medical care, leaving her with prematurely impaired vision. "Kaiser misdiagnosed my wife's brain tumor for four years—why?" reads the yellow placard he carries.

It has been a lonely fight. The company, Kaiser Permanente, is one of the largest private health insurers in the United States, and it denies that it misdiagnosed care for Ruskin's wife of 23 years, Jill. It's David against Goliath, "he says as he marches up and down. These days, though, Ruskin's complaints are being echoed across the land. Americans are increasingly angry about the restrictions on medical treatment imposed by so-called managed-care corporations.

The Kaiser's version of Harry and Louise is Carol Gracial. Gracial's concern about health care, goes the cautionary refrain, are being raised not the heads of doctors and turned over to insurance-company accountants. Politicians, they say. But as November's midterm elections have panned on the issue, Democrats and Republicans alike are pushing legislation to enhance "patients' rights" against hard-nosed insurers. So are TV

ad that went up the new road, a Democratic candidate for governor of Georgia, Roy Barnes, fires off this line: "If you can choose who changes the oil in your car, you should be able to choose who delivers your baby."

The hot-time health care topped the U.S. political agenda was 1993, when President Bill Clinton proposed a massive program to give more Americans access to medical insurance. Health costs were soaring and millions of Americans could not afford care. The insurance industry successfully portrayed so-called ClintonCare as a massive by government bureaucrats to take choice away from patients.

A \$20-billion industry ad campaign featuring Harry and Louise, a retired middle-class couple, spread these sentiments. "They choose," mused Harry, and Louise responded: "We lost." Clinton's plan died in 1994.

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Ruskin, growing concern about restrictions on treatment:

for a patient's right to his state of the union address last January. Republicans, traditionally skeptical of government rules and reliant on campaign funds from the health industry, were slower to react. But in late June, they too, took up the cause. Both parties support giving patients more information about their health plans, greater ability to appeal when they are denied care, and guaranteed access to emergency rooms. The Democratic proposal, though, would go further, and allow patients to sue health plans for improperly denying their treatment.

What changed between 1993 and now? Even though Clinton's plan was defeated, the process that composed it remained. Health costs were rising far faster than inflation. They ate up some 13 per cent of the U.S. economy in 1992, and Washington forecast a rise to 16 per cent by 2000. Employers, who pay most of the cost of Americans' medical care, were determined to reverse the trend. They transformed more and more of their employees from traditional coverage, where doctors simply bill insurance companies for treatment, to managed-care plans like HMOs, which usually receive a fixed annual fee for each patient. They care. However, given the often costly go to doctors chosen by the insurance company, and there are strict roles on what kind of treatment is allowed. Since 1993, Americans are now covered by managed care, compared with just 50 million as recently as 1990.

The new world. In 1996, the growth in healthcare spending by a 37-year-old U.S. doctor's earnings stagnated, at an average of \$89,400 a year. Health care still consumes about 13 per cent of U.S. economic output—the higher than the 9.6 per cent in Canada and the highest in the industrialized world, but considerably lower than had been projected. But the health cost associated middle-class families who once feared that government bureaucrats might micro-manage their health care were now finding that insurance company bureaucrats were doing the same thing.

"HMO horror stories" became a staple of political discourse.

Robert Rubin, a health-care activist in Washington, has compiled more than 200 such cases. They include a California man who was discharged from hospital four days after receiving a heart transplant because his HMO would not pay for addi-

tional hospital care; he soon died. An HMO in Atlanta told a mother to take her six-month-old son with a high fever to one of its clinics 90 km away rather than to a closer hospital, by the time he arrived, he was in cardiac arrest. And a newborn baby in New York City died after he was discharged from hospital after the one day mandated by his private HMO—even though his mother visited often about his health.

Paul Ruskin's tale is similar. He says his wife, who is 54, went to the doctor assigned to her by Kaiser Permanente in 1987 after an ophthalmologist became concerned about pressure building in her eye. She was diagnosed with glaucoma, and was treated with eyedrops for four years. Eventually as her vision deteriorated, Paul Ruskin sought treatment elsewhere, and a new doctor used a CAT scan to discover that she had a slow-growing benign tumor in her brain. It was removed in 1993. She recovered sufficiently to continue her job as an accountant at a nursing home in suburban Washington, but suffers from unexplained vision. Paul Ruskin believes that Kaiser failed to perform a CAT scan or refer Jill to other specialists because its doctors are given financial incentives to limit treatment—something the company denies. He got nowhere in trying to get a settlement out of Kaiser, as he began poking. "They'll never see the end of this case," he vows.

The irony is that many health-care reformers have advocated managed care as a way of improving Americans' health. Instead of rewarding doctors only when they pick up sick people, and the treatment, managed-care companies have an incentive to keep their patients healthy through prevention programs. Even the arch-HMO doctor in *As Good as It Gets*, though caterwauling, may be misleading: HMOs have actually pioneered programs to keep childhood asthma under control. And independent experts rate Kaiser Permanente as one of the best HMOs.

But the popular appeal of attacking managed care is irresistible for many politicians. Clinton's 1993 health-care plan focused on the 20 million Americans who had no medical insurance. That number has jumped to 41 million since then, but the anti-HMO campaign targets the majority of the middle-class majority who have insurance, but worry they may still be denied the care they need. "This is an everyday issue," says Democratic political consultant Ben Swettler, who has crafted TV ads for congressional candidates aiming to win in November by bashing insurance companies. The industry, though, is not taking it lying down. In true American political fashion, its response has been a slick, multi-million-dollar TV campaign of its own. □

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WHAT MATTERS TO CANADIANS

The money hunt

Canadians seek restitution from Walker's riches

Convicted killer Albert Walker, 52, may spend the next 30 years in a British prison cell, but he will be still tried to evade dozens of south western Ontario residents who hope to recover some of the \$3.2 million he stole from them. In Sooke, a court on July 10–11 in the same building where four days earlier he was convicted of murdering his 31-year-old friend and business partner Ronald Plot. Walker's lawyers sought an adjournment of legal proceedings to write his assets. But the court ruled. District Judge Andrew Moir or local police to turn over the assets to SPMC Inc., the accounting firm whose London, Ont., office is advising on the bank-estate affairs of Walker and his co-conspirator Alistic were say funds Walker purchased with stolen funds and any money left in 35 European bank accounts he controlled. "This is nothing more than a treasure hunt," acknowledged Angelo D'Acci, a lawyer in London, Ont., who represents a KPMG. "We don't know if there's a significant amount of money left to recover."

D'Acci, and many of the southwestern Ontario residents who lost money in Walker's theft schemes, are not optimistic.

The assets include the northeast on which Plot was murdered, oil pipelines, gold bars and cash totaling about \$290,000, all seized by police when they arrested Walker in October, 1996. However, Crown prosecutor Charles Barton received permission from Judge Peter Bentham to tell the defendant in order to reduce the Crown's costs. Walker's bank accounts, many of which were opened in the names of Plot and his female girlfriend, Diane Boyce, are believed to have been used for stolen laundering transactions. "I don't think I'll get anything back," said 25-year-old Brampton resident Eric Winter. Winter's late wife, Myrna, sold her car and accounting business to Walker for \$100,000 in the mid-1980s, but was never paid for it. "It's got a funny feeling; it's a waste of time pursuing this."

So far, just the fight over the assets,



Myrna Winter (seated) with Walker and office staff, mid-1980s. *Walker*

can apply for parole. Under British law, a judge imposes a life sentence for murder, then recommends a term in writing to the home secretary, the cabinet minister in charge of law enforcement, based on the nature of the crime and the character of the defendant. If his remarks of the conclusion of the review are any indication, Bentham failed to include the limit. "The killing was carefully planned and残忍ly executed with cold efficiency," he said. Walker "is a plausible, intelligent and ruthless man who poses a serious threat to anyone who stands in your way."

Walker planned the July 20, 1986, murder so well that he almost got away with it. At the time, he was living under the name Ronald Plot in Essex, in the southeast of England with his daughter, Sherry, who had fled Canada with him in December, 1980, at age 25. Sherry later gave birth to two daughters,

DARCY JENKINS and
EDWARD DEMPSTER in Sooke

early now 4, and 1½, while living with her father. The rural Plot, a shy television repairman, left England for Canada in February 1993, with Boyce—a venture conceived and financed by Walker. But at the time of the murder, Plot had returned to England and was living in a nearby town.

The fugitive Canadian, who was wanted 4 on Interpol's wanted list and feared his name would be blown, hired Plot to break into southwest England on the pretence of helping him sell his lost, the Lady Jane, in Essex. Once aboard, Walker唆使 Plot to assassinate, and a £45k anchor to his bell and loosed him overboard. Eight days later, a commercial fisherman scoured the sea up the anchor and netted about 100 off-shore. Police initially thought the victim had committed suicide. But after establishing Plot's identity through the Boles watch on his wrist and discovering that someone else was living under his name, Devon police launched a murder investigation.

That case against Walker was entirely circumstantial since there were no witnesses and nobody had seen the two men together for at least 30 days prior to the murder. Nevertheless, prosecutor Barton called an entered written evidence from 36 witnesses, including 28-year-old Sherry Walker, who travelled from her mother's home in Paris, Ont., to testify. She carefully avoided a question concerning any link in the question hovering in the background from the moment the trial opened on June 23, who is the father of her children? Albert Walker also dived around the issue during his two days as the witness box. He did admit that he was a dad and a dad, but emphatically denied being Plot.

The jury of eight women and four men deliberated for two hours before reaching a verdict last week. "Do you find the defendant Albert Walker guilty or not guilty?" a click went. The jury seriously replied in a clear, unflinching voice: "Guilty."

Walker showed no emotion in the verdict was delivered and sentence passed. After a relieved and smiling Boyce, who attended the final day, described her former husband as a kind, honest and gentle man "For his life to end in this tragic way," she said. "By a reported friend whom I met and I left at ease with and trusted in—well I cannot feel the words to express my heartbreak." That feeling was clearly shared by the Electric jury

CANADIAN NUN ABDUCTED

Rwandan Huts rebels freed a 59-year-old Canadian nun after taking her to neighboring Uganda and holding her for four days, apparently to case for rebel wounded. The Hutu fighters, battling Rwanda's Tutsi-led army, had robbed a bank and a health centre where Sister Gertrude Alsted, a native of St. Albans, Que., often worked. The rebels also kidnapped two Rwandan men who were kidnapped at the same time.

LIMITING NATIVE CLAIMS

Australia's Parliament narrowly approved a law limiting Aboriginal claims on west pastoral land, fearing a native title bill could be easily divisive. Prime Minister John Howard threatened to dissolve Parliament if the bill did not pass. A 1996 court decision had allowed native claims on land leased by farmers and miners. Aborigines groups denounced the law as a "mean legislation."

RUSSIAN MONEY WARS

Russia's President Boris Yeltsin vowed he would crush any "westernist" attempt to grab power, as the country's economic crisis worsened. Officials were negotiating a major aid package from the International Monetary Fund, but they claimed that the ruble would be devalued.

PALESTINIANS UPGRADED

The UK's General Assembly voted 130 to 4 to give the Palestinian delegation nearly the same rights as an independent state. Under the unique arrangement, the Palestinians cannot vote, but they can raise issues for debate and co-sponsor resolutions. Palestinian officials called the move a huge step towards statehood.

FLORIDA MURDER TRIAL

An 18-year-old man accused of murdering a Canadian teenager in 1986 at a beachside Florida phone booth was cocky and unpredictable after the killing, witnesses said at his trial. Prosecutors say John Raemy, who flashed seductive signals to friends in court, pressed a false alibi reversal against the neck of 18-year-old Mark Pyle as the Belleville, Ont., youth spoke to his mother from Daytona Beach, Fla. The prosecutor said Raemy was a member of a violent gang that was looking for someone to kill.



A Protestant marcher is killed after crushed a week-long frenzy of sectarian violence

Confrontation over a march

and Northern Ireland's new first minister.

This year, with Belfast's peace accord recently endorsed by Catholics and Protestants, authorities were determined to draw the line in Portadown. A peaceful July 5 march down Garvagh Road was banned and police locked up the order with a baton and tear gas. Some 200 confrontationists, including at least a dozen shooting incidents and about 30 beatings, most of them by Catholic boys and small businesses. The cause of the arrest, for the third year in a row, was an off-duty member of the Protestant Orange Order to march along Portadown's Garvagh Road, a Catholic enclave in a mostly Protestant town about 40 km northwest of Belfast. In 1996 and 1997, confrontationists tried to use the Portadown march as the last minute to political pressure, including a very public show of support for the marchers from David Trimble, leader of the Ulster Unionist Party.

William and Camilla

Royal sensibilities ran red after British tabloids reported that Prince William recently met his father's mistress, Camilla Parker Bowles, for the first time. A spokeswoman for Prince Charles confirmed that William, 36, had met Prince Charles, 50, but would not comment further. Some royal-watchers speculated that looks about the June 12 meeting were designed to soften

public hostility to a possible appearance by Charles with his lover on his 50th birthday in November. The Sun reported that the two, both divorced, had "almost a man and wife" at Charles' country estate in Gloucestershire. The Queen also issued a sympathetic statement about Parker Bowles supporting Charles after his affair. Diana, Princess of Wales, was killed in a car crash last year. Diana's best friend Parker Bowles is the breakup of her marriage, calling her rival "the Rothweiler."



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A cautionary tale

PERSONAL FINANCE

Real estate trusts take a price tumble

BY KIMBERLEY NOBLE

Anybody whose memory predates 1982 will remember the signs. An investment too good to pass up. An opportunity to salt away easy income that is hard to beat in the market. A chance to put one's personal fortunes in the hands of some of the best managers in the country. The latest in a long list of cash-happy products is the real estate investment trust, a cashed-up day-care entity that sprung up, mushroom-like, in the wake of the commercial property recovery. REITs, as they are known, were the hottest investment product to hit the half-markets in recent years, accounting for \$5.5 billion of the \$14-billion Canadians have plowed into income trusts since 1983. Until recently, REITs appeared to offer small investors everything: a stake in some of the best apartment buildings, shopping malls and office towers in the country; experienced management; liquidity and better returns than they could get anywhere else, all available in one risk-free package.

Predictably, it looks as though it was all too good to be true. The market has swooned on new REIT issues. Three-warm prices for existing trusts are falling. Two of the leading REIT indices, published by Bloomberg and CIBC Wood Gundy, show that the market for the units, which are sold and traded like shares on public stock exchanges, turned south in February. According to the CIBC Wood-Gundy index, the REIT market as a whole had fallen 5.5 per cent by the end of June compared with last winter's peak.

A closer look at individual trusts, however, shows that the value of the leading Canadian REITs has plummeted. The average is beaten by the presence of CP Hotels, Long Term Care Real Estate Investment Trust, the Central Park Hotels chain of earning houses owned by Toronto's Rockwood family CPL, which is viewed as more of an operating business than a true REIT, outperformed the rest of the market because of the way it cashes in for recurring income.

The rest of the REIT pack, with one or two exceptions, has lost considerable ground. Among which Canada Life Assurance Co. launched a year ago in self-unit trusts in its office and shopping centre portfolio has dropped 38 per cent in value since January. Royal Hotel, which owns a chain of earning hotels managed by Calgary-based Royal Hotels & Resorts, is down further, just about 30 per cent.

But another dimension of the business story is that the fortunes of Canada Hotels Best Estate Income Fund, the REIT spun off by Canadian Pacific Hotels just October, CP Hotels, rose



Pat in front of the Royal York. "Generally, we are operating extremely well."

\$600 million by selling units in a trust that now owns the assets of Canada's hotels, including landmarks such as Toronto's Royal York, the Hotel Vancouver and the Chateau Laurier in Ottawa. Legacy's financial results, which are measured by the amount of cash available for distribution to unit-holders, were substantially better than CP Hotels' forecast as it outlined prospects. Second-quarter results coming out this week are expected to be even stronger, according to William Pat, president of Legacy and CP Hotels, which retains a one-third share. "Generally, we are operating extremely well," Pat says, predicting further gains when Legacy absorbs additional assets, including a slate of the places acquired when CP bought Delta Hotels and Ilvermorny in March.

So far so good? The problem is that unit-holders, even those who have

Legacy as one of the best REITs, do not think it can ever worth anything near what CP Hotels received for them. Trust units, which trade on the Toronto Stock Exchange, have shed 11 per cent of their value this year. Related securities, tied to future value, have fallen by 22 per cent.

When it comes to predicting where REITs go from here, the majority of Big Six trusts—the whose income trusts, in the investment industry, have proved an unfeleable gold mine in the past year—are playfully optimistic, being tested like the sun over the horizon's big financial mystery. Most real estate investment analysts, who have a habit of seeking safety in numbers at the first rumble of

white contrasting to run whatever business they have sold, usually for hefty management fees. Moreover, they pay lower taxes, because the trusts pay income—including most of all their tax-free depreciation allowances, the money they would normally be reinvesting in their business—to outside investors. On the other hand, it seems the companies are giving away the money that they are meant to accumulate to replace whatever gets used up or run out in their business. The practice has led Toronto portfolio manager Richard Roosby of Barington Asset Management, an fan of REITs, to label them "selfliquidating entities"—the financial equivalent of keeping the fire going by burning the furniture.

At first, the pace of REIT sales was slow, partly because investors worried about their potential legal liability. This reluctance changed when interest rates bottomed out in 1986 and 1987. Conservative investors who did not want to risk their capital in the stock market—but looked long enough at the gains being made in equities—flocked to REITs instead. The theoretical chance that they could suddenly be held responsible for the trust's debts seemed to pale in comparison with the equity that could be made. "This was largely yield-driven," says analyst Barry Rausell of Research Capital Corp., referring to the fact that a year ago, REITs were paying, on average, 2.5 percentage points more than government bonds. Along with tax-efficient cash distributions, he adds, unitholders also expected the value of their investments to increase in the long run.

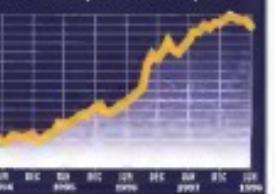
What is happening in the REIT market, Rausell says, shows that the smart money has decided the trusts have seen as much growth as they are going to, using conventional methods. The real estate market is approaching the peak of its economic cycle. REITs have already grabbed up just about every available asset in the country. For an encore, they are going to have to spend more money, and assume greater risk. Managers are faced with a choice of watching deductible-income drop, or branching out into a new line of business. Some are choosing to become real estate developers, while others are becoming bankers. BMR, an industrial REIT based in Toronto, has started to provide construction financing in exchange for interest payments and an option to buy completed properties. CP Hotels' Legacy helped its parent finance the Delta hotel purchase under a similar arrangement.

As is the case with bonds, the principal that risk is as the measure the prices for the underlying security will continue to drop as investors are satisfied with the potential rewards. Rausell's figure shows REITs were paying their investors 42 per cent more than government bonds at the end of June, a 20 percent increase from a year ago. Roosby, the sanguine manager, warns that whatever happens, the brunt of the downside will be borne by investors, who will have no recourse should REITs run out of deductible cash, in other words, reach the point where their assets are worth less than their debts. "This is a very equity-like product that seems to have been sold to the public as a bond-like product," he says. "Canadian don't like bond books. But at least junk bonds carry the obligation to pay the investor."

The implication that REIT investors could be badly burned might seem stretches. Then again, as recently as February, nobody thought prices could fall as much as 30 percent. □

Reversal of fortunes

REITs have fallen 5.5 per cent since their peak



A top ad exec
thinks Canadian,
acts globally



Pitching the world

BY ANTHONY WILSON-SMITH

As he contemplated life from his sixth-floor office up New York City's famed Madison Avenue one recent Wednesday morning, Peter Strangman could not decide whether he was coming or going between home and various assignments—let, in fact, doing all of the above. On the Monday that week, Strangman awoke in the Toronto house where the rest of his family still resided, and took an early plane to New York to do the job he has held since last December as chairman and chief executive officer of North American operations of the giant Young & Rubicam advertising agency. After a night in his temporary apartment on May

Knight's East Side, he took an overnight trip to Chicago to see clients. Then, he returned to New York, where he would spend the day before flying to San Francisco for another meeting. Finally, on that Friday night, the 49-year-old Strangman would fly back to Toronto. "There are days," he said with a sigh, "when I honestly don't know what city I'm in when I first wake up."

For close to seven months, Strangman's life has been a whirred of travel, change, new faces and challenges as he oversees the fortunes of the North American division of one of the world's five largest ad agencies, with 3,000 employees and annual billings of \$3.9 billion. (Globally, Y&R had 17,000 employees and billings of \$19 billion in 1997.) His new job, in fact,

one that Peter Georgescu, CEO of the ad agency's parent company of the same name, created specifically for Strangman after consultation with other senior Y&R executives. "This was not a case of putting a square peg in the round hole," says Georgescu. "We saw Peter as a world-class talent, and we wanted to build him a position to match." And, Georgescu adds, "This won't be his last major position with us."

The resources can be heavy—an example being a parallel corporate disc in his desk that the deservingly laid-back Strangman acknowledges is not to stress. Y&R's client list includes some of the world's largest corporations, such as AT&T Corp., Ford Motor Co., United Airlines, Philip Morris Companies Inc. and Campbell Soup

Automotive Marketplace

SHOULD I BUY A NEW OR A NEARLY NEW VEHICLE?

Dennis DesRosiers



To properly answer the question of whether to buy new, or "nearly new," we first have to understand current dealer economic dynamics.

Virtually every advertisement selling new vehicles mentions leasing a new vehicle rather than buying a new vehicle with a loan or cash. Leasing now accounts for close to 50 per cent of all new vehicle purchases. One of the advantages of leasing for consumers is they can "walk away" from the vehicle at the end of the lease.

In these cases the vehicle companies or their dealers have to sell the returned vehicle in the used vehicle market. Since leasing has exploded over the last five years, the number of off-lease used vehicles has also expanded. The viability of the used car market has become critical to the profitability of vehicle manufacturers and their dealers. In response, the vehicle companies have launched numerous Used Vehicle Certification Programs and consumers are faced with added complexity with their purchase decision. Do I acquire a new or a used vehicle?

Traditionally the market had segmented itself nicely into three groups: (1) Consumers who were only comfortable buying a new vehicle, (2) Those who bought a younger used vehicle, and (3) those who bought an older used vehicle. Off-lease vehicles have created a new market niche which I call nearly new vehicles.

These vehicles are one to four years old, still have

most of the manufacturer's warranty remaining and because of their age, feature the latest design and technology offered by the industry. Many of the hottest vehicles in the marketplace, such as Sport Utility Vehicles (SUVs), are now available in the nearly new market. The emergence of the nearly new market has also altered traditional consumer attitudes towards used vehicles.

In the past, when a consumer bought a used vehicle there was a good chance they were buying someone else's "problem." Not with a certified used vehicle. For example, I recently reviewed the "Ford Quality Certified" program and noted a number of consumer benefits including:

- * a 100-point vehicle inspection
- * vehicles without frame damage, questionable mileage, or body modifications
- * a 12-month/20,000-km limited warranty tacked on to the original manufacturer's warranty
- * 24-hour roadside assistance
- * a three-day/500-km money-back guarantee
- * special programs to help finance the vehicle

Such vehicles are definitely not someone else's problem that dealers are trying to get rid of. They are the cream of the crop of the one-to-four-year-old product in the marketplace. But are they a good deal for consumers? A quick glance at any weekend paper indicates these vehicles

cars can be quite expensive.

There are a number of elements to the higher price. First, all the elements of a Certification Program add cost to the vehicle. Second, only the "best of the best" vehicles qualify to be certified and they naturally are more expensive. Third, vehicles do not depreciate as quickly today as they did in the past. The average vehicle now lasts close to 240,000 miles, whereas 15 years ago it only lasted 160,000 miles. Remember the old saying, "a vehicle loses half its value as soon as you drive it off the dealers lot." Well that is not true anymore. Modern vehicles are advanced materials, the latest in new technology and are of such high quality that they hold their value very well. The average depreciation of a new vehicle is only about 10 to 12 per cent per year. So these "nearly new" vehicles

are worth 80 to 80 per cent of their original Manufacturer's Suggested Retail Price when they are put up for sale in the used vehicle market.

I have a simple way to determine whether you are getting a deal or one of these vehicles. Consumers should take the view that they are simply buying access to kilometres with their vehicle purchase. The average vehicle now lasts about 240,000 kilometres with an average price of \$20,000 per vehicle. A new vehicle therefore costs consumers about 11 to 12 cents per kilometre of potential use.

The same calculations can be used to determine the value of a nearly new vehicle. Simply divide the price by 240,000 kilometres minus the odometer reading. For instance, a three-year-old vehicle selling for \$20,000 with 200,000 kilometres on the odometer costs about 14

cents per potential kilometre of use ($\$20,000 \div 240,000 = \0.00083). Not a very good deal for a three-year-old vehicle when a new vehicle is only 11 cents per potential kilometre of use. You would expect a vehicle of that age to cost about eight to 10 cents per potential kilometre of use or about \$12,000 - \$13,000. (Note: My formula only works if you compare identical makes and features of new and used vehicles.)

I personally think that new vehicles represent some of the best value for money in the market. Manufacturers are tripping over each other with incentive programs and the product is superb. How can you beat zero per cent financing? But, if you simply cannot afford a new vehicle, then you cannot go wrong with a well-priced one-to-four-year-old used vehicle. Use my formula, it works.

1998 DODGE/PLYMOUTH NEON

In a dull category, Neon outshines them all.

Ever since its award-winning debut in Canada, Neon has illuminated the automotive scene.

Its "bright lights, big city" personality has won the hearts of young buyers across the country. And no wonder. Because the features that make Neon the ultimate fun car are the very same factors that make Neon the ideal second car.

Confusing? OK, let's start with the myth that first-time car buyers look for a car that's practical, economical, solid and safe. Nothing wrong with that.

Enter Neon. Despite its sporty styling, Neon is extremely high on the scale of practicality, economy, safety and safety. But it also comes with the kind of driver-friendly features you don't expect in a "practical" car.

For starters, Chrysler's revolutionary cab-forward design gives Neon its sleek styling and surprisingly spacious interior. In fact, the Neon Coupe boasts the roomiest interior in its class.

But Neon's down-hauling features don't stop there. Chrysler engineers designed Neon for the road, giving it a wide, corner-hugging stance, responsive 4-wheel independent suspension and the most powerful engine in its class—delivering the lack of 150 horses. Ladies and gentlemen, start your engines!

On a more practical level, the 1998 Neon offers more value than ever. More quiet. More fuel economy. More safety, including dynamic side impact protection and Chrysler's "four-generation" discs and front-passenger air bags. And there are more paint flavours to choose from like Candy Apple Red, Chromepage and Deep Cobrasilk.

Available in Regal, Highline and Sport, the 1998 Neon, coupe or sedan, gives you the best of both worlds: a practical car that glows in the dark.

**For more information on the Neon, please call 1 800 361 3700,
or visit our website at www.chryslercanada.ca**



CHRYSLER'S 1998 CLEAR-OUT EVENT.

(With vehicles like these, and offers like this, things could get out of hand.)

**1.8% FINANCING
UP TO 48 MONTHS**



1998 Dodge Plymouth Neon
SAVE up to \$2,424



1998 Dodge Plymouth Breeze
SAVE up to \$2,962



1998 Dodge Cirrus
SAVE up to \$3,635

**2.8% FINANCING
UP TO 48 MONTHS**



1998 Dodge Caravan (Minivan Design)
1998 Dodge Grand Caravan (Minivan Design)
SAVE up to \$3,409



1998 Dodge Dakota Quad Cab
SAVE up to \$3,409



1998 Dodge Ram Quad Cab
SAVE up to \$3,977

**3.8% FINANCING
UP TO 48 MONTHS**



1998 Dodge Grand Cherokee Limited
SAVE up to \$3,690



1998 Dodge Ramcharger
SAVE up to \$2,770

OR SEE YOUR CHRYSLER RETAILER FOR FACTORY TO RETAILER DISCOUNTS OF UP TO \$3,000*

Only at your neighbourhood Chrysler retailer.



NEW ENFORCEMENT CODE MAKES CAR BUYING DECISIONS EASIER IN ONTARIO

Robert K. (Bob) Prince
C.E.O. QADIA/TADM

Car buying decisions in Ontario will become a lot easier for consumers, thanks to a tough new enforcement policy developed by the province's 4,000 automobile dealers.

Gottsch's car dealers have adopted new advertising standards that will make all advertising clear and transparent so consumers truly understand what dealers are offering at all times, says Bob Pierre, chief executive officer of the Toronto Automobile Dealers Association.

The Ontario and Toronto associations along with The Used Car Dealers Association of Ontario have been spearheading a campaign to make it illegal to print or broadcast misleading or untrue statements, he adds.



"We had to put an end to meaningless and often misleading messages that appeared daily in newspapers or on broadcasts. A lot of past problems seem to have been due to a lack of knowledge of existing laws and guidelines. We believe the new guidelines are easier for dealers to understand."

"While many of the changes are substantive, it is important to remember that most of our association members already comply with the intent and spirit of the regulations."

"To our knowledge, no other jurisdiction in North America applies such stringent automobile advertising guidelines. This will be reinforced by the Ontario Motor Vehicles Industry Council, a self-regulatory group. If a dealership fails to comply with the regulations, it risks losing its provincial registration."

**NO MATTER WHAT MIGHT LAY AHEAD,
YOU'LL HANDLE IT BETTER WITH
SUBARU ALL-WHEEL DRIVE**

Subaru is committed to the engineering principle "Active Driving, Active Safety", which means they give you the tools to help you avoid an accident. They start by making Subaru's full-time All-Wheel Drive standard on every Subaru. It delivers constant power to the wheels that need it, ensuring outstanding traction and superior control in all driving conditions. So you can go where you want, when you want, with less stress behind the wheel and more confidence on any road.

The Subaru All-Wheel Driving System was designed as a full-time system for passenger vehicle application, the majority of which is on-road use. The Subaru AWD system was part of the vehicle design from inception. Completeness, balance, symmetry, power, durability and fuel efficiency — all were priorities in the development of the Subaru All-Wheel Driving System.

The position of the transmission, transfer case and front differential is a critical issue since these are just as big and heavy as the engine. Heavy components poorly affect

FOR MORE INFORMATION ON SUBARU ALL-WHEEL DRIVE
AND YOUR CLOSEST SUBARU DEALER,
PLEASE CALL 1-800-878-4AWD;
OR VISIT THEIR WEBSITE AT WWW.SUBARU.COM.

ACCURATE INFORMATION

Bob Price says, "The regulation has a number of misleading statements, calling instead for accurate, verifiable information that provides the consumer with the highest possible level of disclosure, presented in plain language." (See illustration below.)

"You won't see ads guaranteeing the lowest prices, or even boasting any advertised price, or the best offer in town unless they can be substantiated," he adds.

Among other key measures adopted in the guidelines are:

The word "fine" is banned in all advertising, as any association connected to an automobile's sale is usually a factor in its price. Therefore, dealers can only say items are included at "no extra charge" — if this is in fact true.

Advertisers must make it clear that prices on any given vehicle do not include such items as state industry-specific taxes, freight charges, inspections or administrative fees, unless those are spelled out.

Advertising must not lead consumers to believe they are getting a price that is at or below dealers' costs. If this was true, dealers would not make any profits on sales. Both phrases in "at or lower than dealer cost" or "at factory price" cannot be used.

Less advertising has to go far beyond simply stating the monthly fee lease. Disclosure must be made on such details as terms, amount and frequency of payment, security deposits and any extra expenses, including sales taxes and insurance.

In effect where consumers are given a choice between low-interest rate financing or a cash rebate, ads must clearly

show what the effective interest rate would be if the rebate option is not taken, or the cost of taking a rebate. For example, if a vehicle is financed at 19 per cent, and a \$2,000 rebate is not taken, the effective interest rate is 9.2 per cent.

Prices below the new advertising and marketing standards will benefit both consumers and dealers.

"Not only will consumers more fully understand the true cost of purchasing an automobile, they are more likely to show up at a dealership that meets the new standards."

Disclosures must be clearly classified here.

•NO SMALL PRINT•

1998 GRAND CARAVAN SE

FULLY
LOADED



POWER DOORS AND WINDOWS,
TINTED WINDSHIELD, FLOOR MATS,
DOOR SLIDING DOORS,
AIR CONDITIONING, ETC., ETC.

36 MONTH LEASE

\$299/m

+SHEET +TAXES +RIM
\$1,000 DOWN
PLUS SECURITY &
1ST MD PAYMENT
\$1,500 CDR/TD 3000M
\$1,500 OPTIONAL
BUY BACK

*Car shown must be
exactly as
described*

Total lease
amount

Total security
deposit plus payments
excluding taxes

Value of
vehicle obligation
over lease period
100%

Extra costs over
and above car
plus security
deposit plus
total lease
amount

Down payment
required to achieve
monthly payment

Monthly
payment
excluding
security deposit
and taxes

Total
lease
payment

Mileage limitation
and duration limits

Average Auction Prices of Used Vehicles

Vehicle Type	12-Month	24-Month	36-Month	48-Month	60-Month
1989 MY	\$16,794	\$16,695	\$7,842	\$1,018	\$1,765
1991 MY	\$16,695	\$16,596	\$8,717	\$2,410	\$1,713
1992 MY	\$11,285	\$10,452	\$10,204	\$1,481	\$2,876
1993 MY	\$12,114	\$12,072	\$11,334	\$10,236	\$1,643
1994 MY	\$14,893	\$12,979	\$11,873	\$10,007	
1995 MY	\$15,895	\$13,062	\$10,894		
1996 MY	\$16,957	\$14,778			
1997 MY	\$16,738				

Vehicle Type	12-Month	24-Month	36-Month	48-Month	60-Month
1989 MY	\$10,314	\$7,798	\$2,738	\$1,946	\$1,547
1990 MY	\$20,256	\$8,249	\$7,743	\$1,881	\$1,113
1991 MY	\$10,321	\$8,182	\$8,656	\$1,747	\$1,883
1992 MY	\$10,653	\$10,369	\$8,106	\$1,601	\$1,042
1993 MY	\$12,646	\$11,151	\$10,371	\$1,617	
1994 MY	\$15,790	\$12,370	\$10,956		
1995 MY	\$16,238	\$12,341			
1996 MY	\$16,412				

Vehicle Type	12-Month	24-Month	36-Month	48-Month	60-Month
1990 MY	\$16,917	\$7,946	\$3,023	\$1,408	\$1,264
1991 MY	\$16,919		\$7,409	\$7,411	\$6,963
1992 MY	\$10,311	\$8,248	\$8,057	\$1,617	\$1,394
1993 MY	\$10,311	\$11,233	\$8,049	\$2,062	\$1,923
1994 MY	\$10,600	\$11,636	\$10,832	\$1,736	
1995 MY	\$14,227	\$12,837	\$71,137		
1996 MY	\$15,522	\$13,194			
1997 MY	\$15,388				

Auction prices for used vehicles have increased quite a bit over the last five to seven years. The average price of a two-year-old light truck is now over \$16,000 and a two-year-old passenger car is over \$14,000. Both are up by about 40 per cent compared to five years ago.

S70 Sedan suits Volvo's new image

Volvo has a reputation for producing high-quality, dependable and – above all – safe automobiles. It's an admirable reputation, and one that kept Volvo's image firmly planted on the practical side.

Then, about two years ago, that image began to evolve. Volvo introduced the graceful C70 Coupe, and followed it with a shapely, more aggressive-looking S70 sedan.

In doing this, Volvo emphasized what loyal Volvo owners knew all along: that ordinary-looking Volvos concealed sporty handling, powerful brakes and spirited performance beneath their conservatively styled exteriors.

Now, Volvo also look like they're fun to drive.

Volvo is taking a more aggressive stance in the marketplace, as well. Nowhere is this more apparent than in the specially-equipped S70 GTA that Volvo makes call the "value car."

With Volvo Financial Services' remarkably affordable lease and finance arrangements on the model, it's intriguing to think that some anomalies have been left out in order to meet a target price. In fact, this special Volvo includes every feature on the S70's extensive standard equipment list. Plus, it boasts high-end extras like leather interior, CD player and alloy wheels.

What further surprises might we expect from formerly-staid Volvo? The C70 Convertible arrives in Canada this fall and there are hints of another exciting new model to follow soon after.





SAFETY, INTEGRITY AND AFFORDABILITY NOW COME COMPLETE WITH LEATHER INTERIOR, CD PLAYER AND ALLOY WHEELS.

Volvo 570 GTA
with special equipment package

\$299

Lease per month for 36 months
with \$2195 down or trade

4.8% lease rate

YOU EXPECT ADVANCED SAFETY-ENGINEERING, SUPERB STYLING AND SATISFYING VALUE IN A NEW VOLVO. THIS SPECIALLY-EQUIPPED 1999 VOLVO 570 DELIVERS ALL THE EXPECTED VOLVO VIRTUES, PLUS THE UNEXPECTED ADDED ATTRACTONS OF SUMPTUOUS LEATHER SEATING, IN-DASH CD PLAYER, RAKISH ALLOY WHEELS AND A FRIENDLY 4.8% LEASE RATE. DRIVE THIS SPECIAL 570 AT YOUR AUTHORIZED VOLVO RETAILER. IT WILL EXCEED YOUR EXPECTATIONS. OFFER ENDS JULY 31, 1998.

DRIVE SAFELY.

VOLVO

Ask about flexible leasing arrangements. Examples: \$299 lease per month with \$2195 down, \$214 lease per month with \$0 down.

Subject to offer ends July 31, 1998. Details available at August 2, 1998. Available through participating Volvo dealers and Volvo Financial Services or approved credit. An qualified residential lessee. Offer cannot be combined with other offers. Lease based on \$23,000 total cost for 36 months at 4.8% interest rate. Total monthly payments \$8,564. Total option to purchase \$20,100.00 or greater. Blend payment or acquisition fee of \$1,019.95/23,000.00 due at signing. Freight, PDI, taxes, license fees and insurance extra. PDI - Pre-delivery Adjustment and payment stated in cents. Premium vehicle in and out for lease for \$224.50. Dealer may lease for less. See your Volvo dealer for other terms and conditions. ©1998 Volvo Corporation. "Drive Safely" is a trademark of Volvo Corporation. Always remember to wear your seat belt. For our specifications, visit www.volvousa.com.

BUSINESS

As well, the parent company at YVR, which had been privately owned since its founding in 1923, announced in February an initial public offering of \$500 million of common stock. So far, the offering has been enthusiastically received; the stock, which began trading in May at \$11.12 a share was worth close to \$47 at week's end. "That," says Strongman and his team, "is not something I forecasted, but it gives a little breathing room."

It also gives Strongman a chance to reflect on the dramatic changes he has been through, as well as those that lie ahead. Until December Strongman was president and CEO of BBDO Canada Inc., then Canada's largest agency with about 400 employees and \$57 million in annual revenues. Now, he manages about the same number of employees and has twice as many accounts that extend worldwide. As well, these are turbulent times for the advertising world. In North America, the rapid growth of the Internet, coupled with a sharp decline in viewers of main-stream television networks and a steady drop in readership of newspapers and magazines, is forcing agencies to work and develop new models for their products. "The advertising business is in a changing train sailing product to offering integrated solutions services," says Strongman. Peter Boles, in effect, is in charge of understanding the business concerns of clients and that what clients care about is more important." That view is echoed by Ann Baden, president of the McKim Media Group division of BBDO in Toronto, who reported directly to Strongman in his previous job. "Peter is someone who knows how to think on his feet," says Baden. "Put him in a room with a client and he can walk workers with his enthusiasm."

That passion is all the more notable given that Strongman initially thought of the advertising business as "like more than a temporary diversion." Born and raised in Winnipeg, he studied English at the University of Manitoba, and earned money in his spare time by playing guitar and singing at local performances. Today, he sometimes entertains at social gatherings after he plays "jerry cans and light banjos or single east." His initial plan was to "write the Great Canadian Novel," he says, but after finishing his assignment he decided "not to embarrass myself by showing anyone else to read it."

Instead, in 1975, a friend offered him a job writing advertising copy for a Winnipeg oilfield service company. After working with YVR, the chairman of YVR's worldwide advertising operations, when Strongman asked if he was accepted almost immediately. Since industry sources estimate that Strongman's compensation package could run as high as \$1.5 mil-

lion a year in salary, with stock options and incentives that could double that figure.) His decision to move caused some bad feelings at BBDO. Marshall Peter, his successor as president and CEO of the agency, says he was "shocked" by Strongman's leaving. "The guy was having talks with me about becoming my chief operating officer even as he was planning to leave," says Peter. "I found out he was gone through a voice-mail message," adds Peter. "A lot of people who thought they were his friends feel abandoned, and wounded. Peter is someone you think you know—and then this happens, and you realize you never knew him at all."

In truth, Strongman moved through a series of agencies and positions and ended up in Toronto in the advertising industry, which is characterized by sharp differences in style between the creative and management sides. Strongman stood out because of his ability to work with both. By the early 1980s, he was president and CEO of the

firm a year in salary, with stock options and incentives that could double that figure.) His decision to move caused some bad feelings at BBDO. Marshall Peter, his successor as president and CEO of the agency, says he was "shocked" by Strongman's leaving. "The guy was having talks with me about becoming my chief operating officer even as he was planning to leave," says Peter. "I found out he was gone through a voice-mail message," adds Peter. "A lot of people who thought they were his friends feel abandoned, and wounded. Peter is someone you think you know—and then this happens, and you realize you never knew him at all."

In response, Strongman says he could not tell Peter or anyone else of his talks because "it was not appropriate to break the promotional confidentiality." And, he adds, "If I haven't been in good I wish us far as for hanging up with old acquaintances. It's because. We had to spend so much time making new ones."

Now Strongman is reeling from such uncharacterized stability in his personal life last week, with the school year over, his wife, Alberta McLeod, a homemaker, and their two youngest sons, John Peter, 16, and Miles, 12, prepared to move the house to recently bought in the bedrock community of Ilyne near the Canadian border. Their eldest, Michael, 23, will go to Vancouver September to study marketing at the University of British Columbia. "Truthfully," says Strongman, "we will be able to start living almost normally as a family."

Despite its cross-border move, Strongman insists her ambitions to "be a transnational" will not change. A longtime friend of Picard, Alliance Master Lloyd Asquith and a committed federal liberal, the friendly-looking Strongman says Canadians "bring a little extra something to the table in this business. We have a European sensibility, we're used to observing and reacting more collectively, perhaps, than Americans." Perhaps—but that is not necessarily evident in one of YVR's newer campaigns. A television ad for Mtn Dew in the United States replaces Canada's most famous—ah!—fictions—barbers, Bob and Doug MacKenzie, as played by actors Dave Thomas and Clark Morris, pestering lower barbers great Guy Laffleur. "Attribute to the heights of Canadian culture?" Well," says Strongman with a smile, "you see. Most a country that not afraid to make fun of itself."

For now, Strongman has a golden opportunity to see whether Americans are as easily amused by jokes about themselves.

A tribute to the heights of Canadian culture?



Picard, LaRoc, MacKenzie in TV beer ad: *hassler*

CLASSIFIED ADVERTISING SECTION

Business Events Dates

Recreational Events

PROSPECTUS 429-0000

The employment in the Atlantic Canada has never been greater. From high tech to oil and gas we currently have over 100 vacancies listed. Check out our website for great opportunities to "come home". To learn more visit www.joblink.ca

Jobs & Hobbies ... A Smart Way to Buy a Car

Automobiles

Automobiles

PROSPECTUS 429-0000

Mark your calendar for a spring Red Dot Design On-Line sales and marketing conference. Learn how to use our PPSB - the Canadian and U.S. Dot Design On-Line system to increase customer satisfaction rates from the internet.

Buy or Lease your Computer Online

http://www.buyonline.com

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Ross Laver



The war for the desktop

Eight years ago, Bob Young was running a \$15 million-a-year computer rental business in Toronto. Today, from his new headquarters in an office park just outside Raleigh, N.C., he's helping to lead a revolution in computing—one that may seem a serious challenge to the power of Microsoft Corp. And what's even more remarkable is that his company's main product is, for all intents and purposes, free.

So what? So if Bob Young is about to be the next Bill Gates, it's entirely possible he's right.

Young, 41, who was born and raised in Hamilton, is the chief executive officer of Red Hat Software Inc., a four-year-old company that distributes the Linux operating system. Linux isn't well known among run-of-the-mill computer users, but it's spreading like a computer virus among software engineers, Web-site operators and hacker hobbyists. Conservative estimates put the total number of Linux installations at about five million and, doubling every year. That's still a small fraction of the estimated 200 million computers using Microsoft Windows, but rest assured that Gates and his minions are looking over their shoulders.

They have every reason to be worried, because Linux isn't just a new operating system, it's a new way of looking at the software market. It was developed seven years ago by Linus Torvalds, a 21-year-old university student named Linux Torvalds, who wanted to create his own version of AT&T's Unix operating system. Once he got it up and running, Torvalds posted a copy of Linux on the Internet and invited other programmers to contribute and offer improvements. Before long, engineers around the world were contributing their expertise, united by the challenge of creating the world's best operating system.

The key to this cooperative effort is

something called the General Public License, which allows programmers to sell copy or make changes to Linux as long as they do. Torvalds made the underlying computer code freely available to the public. Thanks to the GPL, Linux has evolved in a kind of Darwinian process of natural selection, becoming more powerful and more popular with each passing month. There are user groups in every major North American and European city, made up of programmers who appreciate its flexibility and would dearly love to see the rug pulled out from under Microsoft. In some quarters, the enthusiasm for Linux resembles a kind of religious fervor.

Which brings us to Bob Young, who is about as passionate a supporter of Linux as you're likely to find. His company, Red Hat,

is the world's leading commercial distributor of Linux and expects to sell 400,000 copies of it in 1998 at \$75 a pop. How's this for a business model? Anyone who wants to use Linux can download its various components for free from the Internet, but most people find a faster and more convenient to buy a copy of it on CD-ROM, and companies such as Red Hat are happy

to oblige. Young likes it to the逻辑 business: you can buy all of the ingredients in any grocery store, but why go to the trouble when you can buy a bottle of Heinz for less than a buck?

The big question now is whether Linux can make the long climb to the mainstream marketplace. Young believes it's already happening. He points out that close to half of all the computer servers connected to the Net are already running Linux in conjunction with Apache, a popular and similarly free Web server program. Last month IBM announced its support for the "firewire" connection, and Netscape, Oracle and Sun Microsystems are reportedly planning to follow suit. Ottawa's Corel Corp. is already selling a Linux version of WordPerfect, and recently chose Linux as the operating system for its NetFinder network computer.

"The beauty of Linux," says Young, "is that it's free and it's open, which means every

body has an incentive to make it successful."

Everyone, that is, except Bill Gates.



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DRUG LAW STRUCK DOWN

The Supreme Court of Canada disallowed parts of the country's drug-patent rules as "unreasonable." The court overturned earlier legal rulings that had kept two generic drugs—erlotinib, the other in oral form—off the market. The ruling is a major victory for two Toronto generic drug firms, Apotex Inc. and Novopharm Ltd.

BILLIONS IN SERVICE FEES

Canada's banks, trust companies and credit unions collected \$1.1 billion in service fees in 1996, Statistics Canada says. By comparison, the banks reported a net income of just \$6 billion and a profit of \$6.3 billion the same year. The agency report noted that "service fees are becoming an important source" of bank revenue.

PAY NOW OR PAY LATER

An Ontario government report on the planned privatization of Ontario Hydro had good news and bad news for taxpayers. The report said electricity prices will not have to go up to pay off Hydro's \$10.9-billion debt when the public utility is replaced by a competitive market, but consumers and electricity producers will face special surcharges. No amount was specified.

A NEW EURO EXCHANGE

The London and Frankfurt stock exchanges announced a joint venture, defining it "the first step along the road to a single European market." The two exchanges signed a memorandum of understanding to harmonize the markets for their leading securities. They plan to develop a joint electronic trading platform and hope to bring other European exchanges onboard. The move comes as European money markets are converging with a single currency, the euro.

THE BILLIONAIRE'S TALE

A rare first edition of Geoffrey Chaucer's *Canterbury Tales* was auctioned in London for \$11 million, the most ever paid for a book. The red, leather-bound edition was printed by England's oldest typographer, William Caxton, in 1476 or 1477. A dealer bought it on behalf of oil heir J. Paul Getty, the U.S.-born billionaire philanthropist. The previous record-sale price for a book was \$7.6 million, paid at a 1987 auction in New York City for a Gutenberg Bible printed in 1456.

Secrets of the Web

In a move that could put a chill on Internet chat groups where investors discuss publicly traded companies, courts in Ontario and California last week granted a Hamilton firm 32 injunctions to track down the names of its anonymous critics. The rulings allow troubled scrap-metal dealer Philip Services Corp to force Yahoo! Inc., of Santa Clara, Calif., and Internet service providers to reveal the identities behind their users' pseudonyms. Spokeswoman Lynda Rohr said Philip is interested in pursuing only those who damage the company, not those making legitimate comments. Philip has been rocked recently with losses of \$186.4 million, falling stock prices, class-action lawsuits and the departure of most of its senior managers.

The legal maneuver brought immediate results as WebSite Dataskip Corp., a Hamilton service provider, divulged John Gallagher's



Philip site in Hamilton: hunting for chat-group critics

name. Gallagher, a former city councillor who had he posted his comments anonymously because he feared for his safety, complained he was not informed and said after Philip had his name. But WebSite said in a statement that the court order stipulated the service, AOL, not everyone leaped to comply. Yahoo! said it will provide information only by subpoena. PSSW! Inc. of Herndon, Va., plans to pursue the case in the courts. Siv Nadar Desai, CEO of PSSW!'s Canadian subsidiary: "That is something the legal system has to work through."

Dow agrees to terms

Dow Corning Corp. of Midland, Mich., has agreed to a \$4.7-billion plan that brings the company a step closer to a settlement with women in Canada and the United States who say silicone breast implants made them sick. The deal, announced by U.S. bankruptcy Judge Arthur Speer, calls for 170,000 women to be compensated for language-system disease allegedly caused by silicone and ruptured im-

plants. Under the agreement, Dow Corning, over the world's largest manufacturer of implants, will end its three-year stay on bankruptcy protection.

In April, Dow Corning reached a \$6-billion tentative settlement with 30,000 women in Ontario and Quebec. The settlement was conditioned on Dow Corning's bankruptcy situation being resolved. The agreement still has to go through the courts and be approved by the plaintiffs and the company's creditors.

FINANCIAL OUTLOOK

The Canadian dollar fell to record depths, closing the week at 67.53 cents U.S. Few analysts expect the loonie to rebound soon. They attribute its weakness primarily to the Asian economic crisis, which has undercut export prices for Canadian raw materials exports and sent foreign investors fleeing to the perceived safety of the U.S. currency.

The latest job report also hurt the dollar. Statistics Canada said the unemployment rate remained at 8.4 percent in June for the third consecutive month. It maintained that level

only because fewer people were looking for work. There were, in fact, 36,000 fewer full-time jobs since March. The slowdown in job creation makes it less likely that the Bank of Canada will raise interest rates soon.

BANKRUPTCIES

Personal and business failures

January-April, 1997	January-April, 1996
34,311	30,070

Personal and business bankruptcies continued to fall in April, down 10 per cent from March.

"The Canadian economy is strong, but it is still too early for optimism," says Canadian Business. "Consumers are simply too haphazard and inclined right now to support the economy."

—Barrett Burns

The B.C. economy is likely to return to the doldrums over the next two or three years and the unemployment rate will remain relatively high.

—TD Bank

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BIG WHEELS

BY TOM FENNELL

Charlie Coach wasn't planning to get rid of her 1996 Oldsmobile Cutlass—she just happened to fall in love with a sporty new 1996 Lincoln Navigator. The Sunbeam hometown housewife was walking while driving past a Ford dealer in December. There in the truck lot was a glistening \$34,000 sport-utility vehicle—polished to perfection, its front end a waterfall of gleaming chrome. "It was a beauty with forest-green color," recalls Coach, 56, the mother of seven-year-old Michael. "I had to stop and just look at it and see what it was." Over test drive was all it took to seal the relationship. The Navigator was loaded with costly leather upholstery and a concert-quality audio system, but what really hooked her was the feeling of luxury that comes from cruising the streets wrapped in 2,200 kg of Detroit iron. "I feel safe," says the five-foot, four-inch Coach. "Raking up hills, you get a great sense of what's coming up ahead."

An increasing Canadian hit the highway this summer, what's up ahead is frequently a long line of big trucks—four-wheel-drive SUVs and gas-guzzling people-haulers chattered off upwards of a dozen foreign and domestic manufacturers. Across Canada, sales of new vehicles are stronger now than at any point since 1982, and nothing underscores the sector's revival more than the massive demand for light trucks, the industry's catchall term for everything from SUVs to minivans, full-size vans and pickups. This year, light trucks are expected to account for a record 40 percent of all new vehicles sold or leased in Canada, up from 35 per cent a decade ago. The result is a sea of rattling fenders in the auto industry—and a raging debate over the truck boom's impact on road safety and the environment.

To Douglas Leighton, who teaches a course on the car and society at the University of Western Ontario, the enormous popularity of trucks stems from the car and SUVs, when Americans began to own the largest set of wheels on the block. "It's like Happy Days out there," says Leighton. "People are wearing those things like badges to show that they're arrived."

Until recently, many people inside and outside the auto industry figured the truck boom was a fad, one that would blow itself out after a few years when consumers tired of heavy-duty vehicles. And that's

what happened and hovey-on-the-wallet fuel bills. But instead of shrinking, the truck market is now spreading out in every conceivable direction. At the upper end, luxury brands such as Cadillac, BMW and Porsche are scrambling to roll out their own SUVs, as the theory has it reaches as never enough for today's well-heeled urban road warriors. Smaller rivals, Chrysler, Ford, Volkswagen and several other makers are putting planes for mass production of compact, car-based SUVs that would do little with existing models from Toyota, Honda and Subaru.

Another current trend is the shift to so-called hybrid vehicles—trucks that combine the economy and roominess of a minivan with the muscle, off-roading prowess of a sport utility. "There is no definition of what an SUV really has to be," says Robert Durso, market analyst at AutoPulse Inc. in Detroit. "That's what will make a lot of these crossover vehicles interesting to people. They'll have utility and they will be sporty."

The truck craze isn't the only hot trend on the road. The industry has also begun to sell environmentally friendly electric cars, largely because of pressure from government regulators (page 50). And there have been some successful launches of smaller niche vehicles, such as Volkswagen's New Beetle (page 40). For the most part, however, North American auto executives are expending big muscular trucks in their efforts to appeal to the huge baby-boomer market; the most intense demographic group in the country. True, the generation that discovered mass culture in the 1970s now leads the charge in the environmental movement in the 1990s, but the charge is to the biggest and most powerful vehicles on the market.

Ken Davis, director of product development for Ford Motor Co. in Dearborn, Mich., says the demand for trucks is in some ways a reflection of an earlier, more carefree age. Before the Arab oil embargo in 1973, the top-selling cars in North America were family-sized sedans such as the Ford Galaxie 500, the Chevy Impala and Chrysler's Town and Country station wagons, all of which boasted V8 engines and ample cargo space. Government regulations and consumer demand for smaller, more fuel-efficient vehicles gradually killed off these lumbering dinosaurs. But strong economic growth and falling oil prices this decade—adjusted for inflation, gasoline is cheaper than at any time since the 1950s—have taken the industry full circle to the time when big wheels ruled the road. "Look at the ve-

Cutting up: Thanks to the popularity of vehicles such as the Chevrolet Blazer (left) and Lincoln Navigator, shown with owner Charlie Coach, trucks have taken almost half the auto market

hicles that have re-emerged," says Zino. "They carry six passengers, have V8 engines and lots of cargo capacity. It's a repackaging of what people bought by the millions in the 1960s."

The trend in heavier medium-duty vehicles has drawn plenty of criticism, however. Consumers Union, the Washington-based consumer advocacy group, has denounced light trucks as "heavy, gas-guzzling behemoths that in accidents wreak havoc on other vehicles and otherwise take a particularly heavy toll on the environment." Others note that while drivers often say they feel safer behind the wheel of a tall truck, those vehicles typically have higher centers of gravity than cars and are therefore less stable when cornering sharply.

The biggest controversy concerns the danger trucks pose to other vehicles. The outcry from safety advocates grew louder last month when the U.S. National Highway Traffic Safety Administration released a study of 5,580 fatalities in crashes involving a light truck and car. In all but one of these cases, the people killed were the ones riding in the car.

Trucks of all shapes and sizes are taking over the road—but the BOOM has set off a raging debate about safety and the environment

SHIFTING UP

Canadians are buying almost as many light trucks—vans, pickups and sport-utility vehicles—as cars



There's much much mystery about why. To a large extent the problem is one of physics: on average, light trucks weigh 400 kg more than cars. Trucks also tend to have stiffer frames than cars and they ride higher off the ground. As a result, big sport utilities and full-size vans or pickups can easily overshoot car bumpers, riding up over the hood or smashing into the passenger cabin. The bottom line, says Dennis Deslauriers,

president of Richwood Hill, Ont.-based DesLaurier Automotive Consultants Inc., is that "you don't want to be in a car if you're hit by a truck."

The U.S. traffic agency's report—released during an international conference on vehicle safety in Washington—examined, among other things, side-impact collisions between light trucks and cars. The agency's findings were staggering. In cases where the "bully" vehicle—the one hitting the other vehicle—was a full-size van, 23 car drivers died for every one driver killed. The death ratio for SUVs was 20 to 1, for full-size pickups it was 17 to 1 for minivans, 16 to 1, and for small pickups, 12 to 1.

Manufacturers, spurred by a rising tide of negative publicity surrounding SUVs, are now examining a number of ways to make them more traffic-friendly. One solution would be to increase the weight of each, but the extra weight would make the vehicles more fuel-hungry. Another, says Harry Folmer, director of regulatory affairs with the American Automobile Manufacturers Association, would be to install exterior air bags in trucks that would inflate when onboard sensors detected an imminent collision.

Of course, the simplest course of action might be to require that manufacturers redesign their trucks so the bumpers are the same height as those on cars—something a few companies have already done. But for now the upward trend in safety似乎 appears to be broken, an unintended consequence according to Automobile Magazine, sales of SUVs have increased 20 per cent in the United States since the controversy over light trucks began last year. "Sales of SUVs are still going up," says Larry Nunn, sales manager at Marks Motors Ltd. in Saskatoon. "People don't feel lost in traffic. There is a sense of security."

In the short run, those additional sales are good news for the North



CARS

American auto industry. Reason: the profits they reap from light trucks are often many times greater than the money they earn from luxury sedans—so much as \$15,000 per vehicle in some cases. In addition, the light-truck category is the only significant segment of the vehicle market in which domestic automakers still enjoy a commanding lead over the imports. Since 1985, the Big Three's share of car sales in North America has fallen from 74 per cent to 61 per cent, but the popularity of their trucks has masked that decline.

Although European and Japanese makers are now targeting the high-end truck market for the most part, the category still belongs to General Motors. Ford and Chrysler (the popularity of Chrysler's Jeep and Dodge truck lines was a major factor behind the company's recent purchase by Daimler-Benz, the company that builds Mercedes-Benz cars) and GM's plan to introduce a luxury line of pickup trucks will—its most important launch this decade—be a major reason why company executives are pushing last week to settle a strike that has shut down virtually all of its American assembly plants.

Chris Traval, a director of Markham-based Montez Canada Inc., an automotive research firm, says the industry's heavy reliance on SUVs and van sales leaves "no room to make changes in market trends. If you're stuck or driving a truck it suddenly seems like you're the only one around," he says. "It's like being a minority."

"There is no rational reason why we need to develop ourselves in a 2,000 kg vehicle," says DeYoung. "There was no rational reason why we need to develop ourselves in a minivan."

One thing that does not bear DeYoung's, however, is the truck's thirst for fuel, which averages 19.6 litres per 100 km (14 miles per gallon) in city driving. "I guess it should concern us," he says, "but it doesn't."

Say and power were things Mary Ann Mack of Sudanakay never thought much about—that is, until her husband, Barry, suggested they trade in their long grey Dodge Sport sedan for a Plymouth Voyager minivan. After reluctantly clicking behind the wheel for a test drive, she was so impressed she's now happily cruising the road with her two dogs—Troy, 12, and Cleo, 10—and the family dog, Maxine. "I couldn't believe it," she says, "it's so great. You take off high and you really feel safe."

For the more serious, Paulina Latorre of Uxbridge, N.Y., isn't even going back to a car. In May, the Londoner purchased a new minivan, a Chevrolet Venture minivan, and then enough room for her three children than fits inside all their sports cars. The larger minivan costs twice the price of a compact car, but she says the added power and safety will hold them over the long haul. "I wouldn't go back to a car," she says.

Chrysler hopes to keep drivers like Latorre coming back to its vehicles long after the kids leave home by building a hybrid version that will resemble an SUV while remaining spacious inside. Company executives will not discuss the final design, but Chrysler Canada spokeswoman Judy New says the sector is headed toward "minivans" that are part van, part SUV. (Newell believes that Chrysler's reconsolidated

will be aimed at boomers who still want the utility of a van, but also want to look like a minivan. "Societies as people get older and the kids are gone, so they want something sporty—a vehicle that looks back to their youth."

Hybrids of various sorts are already showing up on showroom floors. One of the most successful is the Subaru Outback, a compacted station wagon with a four-wheel-drive system not really found on an SUV. After a harsh winter in the early 1980s, Subaru enjoyed record revenues of more than \$2 billion in 1987 and company executives credit the strong sales of the Outback with saving the company. Volvo has also launched a four-wheel-drive sport wagon, and no one really knows where that trend will end. Does the Ford Taurus look like a sedan? "Yes, but it does," says DeYoung. "It's like a sedan."

DeYoung adds,

The smaller the car, the greater the risk

In 1989 Mercury Topaz sedan approached the busy intersection of Highway 22X and Deerfoot Trail in Calgary on Friday night last December. Two cars just ahead of it safely made a left-hand turn. When the 18-year-old driver of the Topaz tried to round the corner by cutting in front of oncoming traffic, a full-size pickup truck slammed into the front passenger door. Crushing the sedan by several hundred kilograms, the impact ripped the car apart like a can opener. The driver of both vehicles escaped with minor injuries, but the car's passenger died. "Would the car have opened up to the same degree if it had been struck by a vehicle approximately the same size?" asks Sgt. Rod Davis, an accident investigator with the Calgary Police Service. "Probably not."

A closer examination of where cars and SUVs are handled is represented by Mazda's five-wheel-drive MPV. From the sidewalk it resembles an SUV with a square front end, large rear bumper and roof rack. But inside it retains the boxy interior configuration of a minivan with bucket seats up front and two rows of bench seats in the rear.

General Motors is also attacking the crossover market with the Mountaineer version of its Pontiac Trans Sport minivan, which GM executives hope dubbed a "lifestyle machine" because, naturally, it assess both the SUV and van markets. To distinguish it from the rest of the minivan market, GM designers gave it a boxier looking body, traction control and a leather suspension to handle tougher terrain. An estimated 30 per cent of Trans Sport buyers opt for the Mountaineer package, which adds about \$1,000 to the minivan's base price. The company's Mountaineer concept car has also hit the future. It dispenses its minivan roots with an swoop across the hood and lights above the windshield. "It is for people who like minivans but want something with more image to it," says Detroit analyst Durano. "They're saying, 'We not just a family person. I have an identity.'

Other companies are aiming their production upscale crossovers who do not need off-road capability but still want to project a go-anywhere image. Toyota's Lexcen division was one of the first auto-makers to offer an SUV-like minivan model. Company executives will not discuss the final design, but Chrysler Canada spokeswoman Judy New says the sector is headed toward "minivans" that are part van, part SUV. (Newell believes that Chrysler's reconsolidated

minivan environmental concerns surrounding the weaker pollution control standards on most light trucks, as well as their relatively poor air exchange. To draw attention to the issue, the Vancouver-based Suzuki Foundation ran a series of newspaper ads in April depicting a family waving at you while breathing smoke from their SUV. The vehicles are surprisingly similar to their sedans. According to the U.S. Environmental Protection Agency, a typical light truck emits at least 75 per cent more nitrogen oxides, a major cause of global warming, than a large family car.

Suzuki Foundation executive director Jim Polson said Finance Minister Paul Martin's brief last September urging him to introduce a plan that would reduce the emissions from larger vehicles without a shift to more fuel-efficient cars. Polson says Canada will not move as quickly to cut greenhouse-gas emissions as agreed to by Kyoto, Japan, last December. What bothers Ron Nielsen, a director at Toyota-based Toyota Motor Sales, is the fact that people who drive SUVs and don't seem to care don't care who someone who has a fifth a \$25,000 vehicle, says Nielsen. "They afford no proper pollution control."

Ford's Zito, however, says the industry has price spike upward in the near future—something few analysts expect—consumers will be destined to lose their battle. "Consumers want power," says Durano, "and that's what vans and SUVs give them. The 'proof'—big and brassy—is out there in the highways. Q

Automakers are targeting UPSCALE buyers who want to project an active, go-anywhere image

High and mighty: The Lincoln Navigator's bumper (right) sits well above that of a typical family sedan

One thing that does not bear DeYoung's, however, is the truck's thirst for fuel, which averages 19.6 litres per 100 km (14 miles per gallon) in city driving. "I guess it should concern us," he says, "but it doesn't."

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KINGS OF THE ROAD THE TOP-SELLING VEHICLES IN CANADA IN 1997

CARS	MINIVANS	SPORT UTILITY	PICKUPS
Chevrolet Cavalier/Pontiac Sunfire	55,063	Dodge Caravan/Plymouth Voyager	36,300
Honda Civic	48,583	Ford Windstar	52,114
Ford Escort	34,452	Cougar/Jeep Cherokee	23,910
		Cougar/Jeep Cherokee/GMC Jimmy	30,166
		JEEP Grand Cherokee	17,163
		GMC Rainier	86,254
		Dodge Ram	86,833

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COVER

The love affair continues:
Beetle fans flock to Niagara
Falls. One, to check out hundreds
of vintage Volkswagens; the new
Bug (below) is in short supply

Blasts from the past

BY DANYLO HAWALESHKA

DONNA Warren is selling pop and hamburgers to peripatetic Volkswagen enthusiasts at the annual June Diner Bug car show in Niagara Falls, Ont. The sky is pale blue and the sun is as hot as the demand for Volkswagen's New Beetle. Warren, an X-ray technician, knows firsthand just how hotly that market is this year. Last winter the 25-year-old mother of two grown children placed an advance order for a red 1998 Beetle with "all conditioning, sun-block leather and 'power everything.' Price: \$25,000 including tax. But while awaiting delivery, Warren also bought a house and decided paying for both would be too expensive. She passed on all for the car and her phobia started racing. One of the first people to get there cheaply wanted the car as a gift for his fiancée and offered Warren \$17,000 above cost. "I had this anxiety in my hands before I had the Beetle," Warren says, "knowing it's a good investment, it couldn't even catch me breath because it was in my grip."

Welcome back to the future, where car nostalgia is rampant and retro counts. Coming in like no other vehicle, a VW's resurrection of one of the world's most popular automobiles—a car that in its previous incarnation stood for low budget, no frills motoring. Current

that would-be owners of the New Beetle have altered dollars thousands of dollars above the suggested retail price, due to showroom armchair buyers out between customers who want one, that some people have followed the car while they were being delivered to dealerships so they could be first to take a test drive.

Other auto manufacturers are also mining these golden pasts. Ford plans to launch a hard-top road Thunderbird coupe, drawn on the 1956 classic for styling cues. Chrysler's Plymouth Prowler, meanwhile, is a throwback to the days of souped-up cars glorified in movies such as American Graffiti. And while no one expects that retro cars will ever sell millions, they are valuable for strengthening a manufacturer's broad image. "You just know how many you sell," says Maryann Keller, an auto analyst and managing director of financial services company ING Barings Financial Services in New York City. "It's how many people think about you."

By now, as with so many consumer trends, the automotive renaissance has been driven by snazzy baby boomers and their disposable incomes. Boomers are still buying minivans and sport utility vehicles as drivers, but a growing number of them have put off the upgrade and seen their children leave home. Enter cars

Nostalgia is rampant and RETRO cars rule



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dripping with nostalgia but equipped with the latest technology for performance and safety. The trend remains. Referring to her own youth and her first car, an old Buick roadster, "When I think about it, I can't wonder I survived in that thing," Keller says. "But I still look back on it very fondly. Hell, I was this sad blond and I was driving a hot little red car and now I'm no longer any of those. So when I think back on the car, I also think back on my lifestyle. These are powerful associations."

The trend is not just on manufacturers. Ford last year decided to bring the Thunderbird after years of sagging sales. What was originally a powerful, stylish coupe that as young hearts beatng faster had metamorphosed into a big, bony hot rod better suited to floating down highways. So earlier this year, Ford vowed to return the Thunderbird same as its 1955 roots as a two-seater with an estimated price of \$45,000. The redesigned luxury coupe is expected by the year 2000, in time for the 2001 model year.

There are others: Chrysler's 1998 Prowler, with its chunky hardtop looks, was designed not to be a mass-market success but to invoke the muscle of the road Plymouth brand with power and sexy styling. Even before its introduction in 1997, the Prowler was glorified on the cover of



every major North American car magazine, thereby accomplishing what its designers had set out to do—get people talking. Bill Selkirkian, an auto analyst with Aventis Corp. in Woodcliff Lake, N.J., says the Prowler is symbolic of a creative revival in the North American automobile industry after two decades of downsizing and a less conservative design. "I don't think they're running out of ideas yet, because a car has a retro look," adds Selkirkian. "They're looking back at what was classic, had a good design, and then improving on it."

Oddly enough, retro cars now have a look nothing like the original. Chrysler's recently launched 2000M sport sedan is subtended to evoke memories of that company's famous 300 series muscle cars, which made their racing debut at Daytona in 1965. Yet the similarity between the two cars is limited to the front grille and the badge. The 2000M version was boxy and crude, while the 1965 edition is curvy and harmonious. But that is fine, analysts say, because the whole point of the exercise is to cultivate the 300M's image as having wedded to power.

The retro trend is also big in Japan, but so that market it has nothing to do with power. Several of that country's automakers have introduced it they, easier-looking cars that look like knockoffs of the British Mini and have quirky names such as the Mitsubishi Flying Star, the Isuzu Opel Turbo and the Subaru Fiatre Type 5. The target market is young, upwardly mobile career women, for whom a car



Crash test (left);
Chrysler's new Plymouth
Prowler (top); and a classic
1956 Ford Thunderbird

is as much a fashion statement as a form of transportation.

So far, none of the retro cars has attracted anything like the attention given to the New Beetle. Everything about it is different, yet there is a comfortable familiarity to the car. "I had a whole kindergarten class on a field trip stoped and gave me the peace sign," says Kirby Westcott, a teacher's aide from North Tonawanda, N.Y., whose husband gave her a blue New Beetle for her 20th birthday.

For all the available, the New Beetle shares no parts with its popular predecessor, relying on the same chassis as the G body hatchback. Gone is the cooled, rear-mounted 40-horsepower engine, replaced by a 175-horsepower water-cooled engine in front. The old bug's distinctive bumble-bee stripes have been replaced by four thin bands like a Ford. Among the improvements over the original: a functioning hover, four-wheel disc brakes, a remote keyless entry system and air bags—two up-front and two more stashed into the sides of the front seats.

The biggest attraction, however, in the New Beetle's rounded shape, which borrows heavily from the original while still managing to look futuristic. Before secretary Jeanine Raymond, 65, gained a new appreciation of the car's styling while driving around her Manhattan neighborhood, "Look how everyone's staring at us," Raymond said. "It's the Coke Disease."

Craig Cines of Peterborough, Ont., bought a black New Beetle license plate, 2 BUG U, and drove it to the Niagara show, parking next to a replica of Herbie, the dressed-up Beetle in the 1968 movie *The Love Bug*. Cines, a 45-year-old entrepreneur, thinks the car is about \$5,000 overpriced. "It doesn't make any sense," he complains, pointing to the cramped rear quarters. "There's no back seat!" Yet despite it's Bee-like, Cines, who owns two older Bugs, "It's, of course, not bad, but whenever along the way you feel the same charts." For manufacturers, that's what the retro movement is all about, reshaping old monstrosities to sell new cars. □

From the outside there was little to distinguish the sleek Toyota Prius from any other car on the streets of Thornton, Colo. But when the driver turned the key, it was clear this was no ordinary sedan. The only sound in the interior was the gentle hum of an electric motor. Known in the industry as a hybrid electric, the vehicle was a hybrid electric. With both a high-efficiency gasoline engine and an electric motor, the car can travel well over 180 km on a litre of fuel, leaving behind only a whiff of pollution.

So far available only in Japan, the Prius sells for about \$30,000—a price heavily subsidized by Toyota. The company assembles 2,000 a month—a tiny fraction of the 340,000 conventional vehicles it makes in the store here. But the Prius, which uses a battery-powered electric motor at slower speeds and a gasoline engine as the car acceler-



At charged up: General Motors hopes to sell 500 battery-powered EVs in the United States this year

Green machines

A gentle HUM signals the arrival of the battery-powered car



Niche market
Demand for Toyota's electric RAV4 is low because of its high cost and limited range

ates in the world's first commercial hybrid electric. Its arrival sets a standard for the industry. Design growing demand in North America for light trucks, industry insiders assume the future is bright for hybrid clean cars. Being "environmentally friendly," says Billie Gould, director of energy officer at Ford Motor Co. of Canada, will be "the price of entry" for automakers in future.

The green machines will not arrive soon enough for some people. Experts say the number of vehicles on the planet will double to almost one billion by the year 2030 as incomes rise in countries such as China and India. At the same time, governments are committed to reducing levels of greenhouse gases, which many scientists believe are responsible for global warming. Given that auto emissions account for 24 per cent of those gases, any attempt to improve the overall situation will be fruitless unless cars and trucks fuel a cleaner power source.

In addition to hybrid research, Toyota is selling an all-electric vehicle in the United States—a \$43,000 battery-powered version of its RAV4 sport utility. Since December, it has sold 1,000 of the vehicles. And General Motors hopes to sell 500 EVs—a sporty two-door electric car; this year. Ford and Chrysler are also selling battery-powered vehicles, but the market is small because of their high cost and limited range—generally no more than 150 km per charge.

The future of the cleanest, easiest analysis say, is long to neither the battery nor the hybrid, but to the hydrogen fuel cell, a technology be-

ing developed by Ballard Power Systems of Burnaby, B.C. It creates electricity from hydrogen, gases that can be stored in tanks or extracted from fuels such as gasoline or methanol. In Vancouver this fall, B.C. Transit plans to put three buses that use the cell. And last year, Ford and Daimler-Benz AG, parent of Mercedes, showed their faith by investing a combined \$1 billion in Ballard. "We made the investment in Ballard to help develop it to the point that it is affordable," said Gault.

To be successful, manufacturers of such vehicles have to solve at least two problems: a family car that produces zero tailpipe pollutants, comfortable and yet cheap enough to attract buyers? So far, the vehicles closest to that ideal are hybrids like the Prius. But they do have their drawbacks. "We pick up fuel economy," says Chuck French, technology manager with Ford's new generation vehicles program, "but you also pick up cost, weight and complexity. The batteries are heavy and expensive."

While electric vehicles are expected to become cheaper as technological hurdles are cleared, most experts believe they will be used primarily by commuters and by businesses for short-range transportation. "Our vision of the future does not include charging stations every 50 km on the highway for long-distance travellers," says Mark Anstotz, project manager for Toyota's alternative fuel project. Longer trips, he adds, will likely be left to vehicles powered by hydrogen fuel cells.

There are plenty of skeptics. Auto consultant Jim Harbour of Troy, Mich., believes that as long as gasoline remains cheap and the range of conventional motors continues to be extended, the market for hybrid vehicles will remain small. But if the economic and technical hurdles can be solved, the day is not of the internal combustion engine may easily fade away. "In the future," says Anstotz, "when you want to go to grandmother's house, you'll take your fuel cell or hybrid. The electric vehicle will be your daily commuting vehicle or something you put your 13-year-old high-school student in." A slice of that automotive future has already been seen on the streets of Thornton.

TOM PENNELL



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Diane Francis

'Bracket creep'—a big bonanza for Ottawa

The Liberals like to cloak themselves in fiscal rectitude, taking pride in balancing the budget. This is the big lie of Canadian politics—and the figures prove the point.

Since 1983, our federal government has enjoyed a windfall from tax revenue. In part, this has been due to prosperity and trade opportunities resulting from a booming economy in the United States. Economic growth and inflation have played their part as well, since 1984, when the Canadian economy rebounded from the recession of the early 1980s. EI premiums have peaked in far better than benefits have been paid out. By the first quarter of 1996, the EI fund had a surplus of almost \$3 billion. The deficit battle, however, has also been won through a hidden, and unfair, tax bite on all Canadians, over the present. This occurs because the rate of inflation is not deducted from taxable income. As a result, the taxpayer is pushed into a higher tax bracket even though in real terms his income is not higher. Meantime, the provinces have borne the brunt of spending cuts. If Ottawa had matched sheer effort, Canadians by now could have enjoyed federal tax cuts or debt reduction—or both—or addition in a balanced budget. That has not been the case.

Ottawa's tax take has jumped dramatically since the Liberals were given power in October, 1993. Federal government tax revenues in 1992/1993 were \$120.4 billion. In the 1995/1996 fiscal year, there were \$147.5 billion, a hole of \$27.5 billion, or 23 per cent. While expenditures over the same period did shrink, the deficit was by \$73.9 billion, or nine per cent. That we see Ottawa's deficit battle primarily through tax increases rather than spending cuts.

Meanwhile, most of the provinces and municipalities have been more fiscally responsible. According to the federal government's own figures, all levels of government in Canada saved in the revenue books. In 1997, combined increases were \$401.7 billion, an increase of 35 per cent from \$800 billion in 1992/1993. And they kept their collective spending below 12 per cent, less than the rate of inflation for the past five years.

But much of the federal Liberal's revenue flood has been an undeserved windfall—the result of an arcane tax adjustment called partial indexing. Instigated by Brian Mulroney's Conservative government in 1985, it replaced the Bevere fall indexing that governed Canada's tax code since the ordinary 1970s. Fall indexing means that taxpayers are not granted tax-free income gains that are a result solely of inflation. Partial indexing, which does not adjust tax rates unless inflation rises above three per cent a year, has proven to be a boon to the Liberals because of the current low-inflation economic environment. But surely

left unchanged by the Liberals, partial indexing provides an invisible tax increase also known as "bracket creep."

Bracket creep has been a bonanza and has delivered revenues to Ottawa it does not deserve. And it has cost lower- and middle-income Canadians a bonanza over the past five years. This year, for instance, 2.5 million Canadians will be hit with a tax increase. In 1990, a single person making \$44,505 paid no federal income tax. Now, tax brackets are at \$7,312. Since 1992, more than one million low-wage workers have been paying the threshold federal income tax of 17 percent. Another 1.9 million taxpayers have seen their tax-free base rate rise from 17 per cent to 26 per cent, while 600,000 had their marginal rates pushed up into the 29-per-cent bracket. Anyans with a taxable income of \$72,289 will pay \$2,000 more in taxes in 1998 than in 1997. At current inflation rates, 1998 will be the sixth year in a row that taxpayers will be shouldering higher income tax brackets without indexing.

Ottawa instituted indexing as a coded measure in 1982 to prevent exactly the taxation windfall now occurring strictly as a result of higher prices for goods and services. The Tories introduced partial indexing as a compromise measure designed to help cut the deficit. When, for example, inflation is four per cent, Ottawa raises an adjustment of one per cent (deducted from taxable income). Marginal tax is 30 per cent; the adjustment is seven per cent. Because inflation has not exceeded three per cent for the past six years, income tax brackets have not increased. Under full indexing, the federal government's tax take would have been cut by 60 per cent.

The provincial governments also benefit from the partial indexing because their revenues automatically growlock on these increases—since income taxes are calculated as a percentage of the federal tax. For instance, workers making more than \$50,180 are in the top federal marginal bracket of 29 per cent. Depending on where they live, workers in addition bear my anywhere from 40 to 69 per cent of the federal tax in provincial income taxes.

This senseless revenue grab has escaped the attention of the mainstream media, and, therefore, the public. The Reform party and some of the premiers have complained, but their criticisms have been largely written off as irrelevant.

The fact is, the Liberals in Ottawa have enjoyed a windfall that no government deserves. Instead of paying down debt or providing tax relief, they squandered their fiscal gains by maintaining government operations in their five years in power. There is no excuse for this when other governments have made necessary, difficult spending cuts. And there is absolutely no excuse for the excessive tax grab by Ottawa out of the pockets of ordinary Canadians and families struggling to make ends meet.

The Liberals have reaped a windfall of tax revenues—much of it from a hidden and unfair tax on the poorest Canadians

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WHAT MATTERS TO CANADIANS

The Sexes

When he becomes she

Questioning the practice of infant sex changes

It's a troubling problem that sometimes occurs in newborn babies—ambiguous or deferred genitalia that, left untreated, could bring a lifetime of embarrassment and shame. In a small percentage of so-called intersex cases, the anomalies are so severe that doctors and parents may opt to alter the child's sex through surgery, hormone treatments and upbringing. Such cases are rare. A senior official at Montreal Children's Hospital can recall only four cases over the past decade; doctors at Toronto's Hospital for Sick Children report even fewer—perhaps two or three in 14 years. Even more concerning are instances in which massive damage to boys' penises in infancy leads to a desire to "reassign" the child as a girl. Only two such cases have been documented in North American birth records involving Canadian boys. The first case was first reported in the late 1960s, and the second last week—but dramatically different outcomes. Yet both suggest Dr. Michael Diamond, an expert in reproductive biology at the University of邕nico, that the chance of sex should be left until the child is old enough to make the decision. "It's too easy to say, 'the boy's penis is gone, let's make him into a girl.'

The latest case, described in the July issue of the Bradenton, Fla.-based journal *Pediatrics*, involves a boy whose penis was irreparably damaged at two months in an accident involving electrical circumcision equipment. After consulting Dr. John Money, a prominent psychologist at Johns Hopkins Institute in Baltimore, the parents decided to raise the child as a girl, worsened by the refusal of his genitals and began constructing a vagina. Later, doctors administered hormone therapy to promote breast development. Interviewed by doctors at 16, when surgeons planned to deepen the vagina and agen at the age of 25, the transformed boy—who



Diamond: the nature-versus-nurture argument resurfaces

came to use himself as a "she"—recalled as a child being restricted to the kinds of toys and games associated with boys, while pre-terring girls as playmates and friends. She also favored males as partners in her sexual fantasies. A few years ago, at the age of 25, she was involved in a sexual relationship with a man, but shortly after that began a lesbian relationship. Today, she lives somewhere where she can work at a job that is mostly done by men and thinks of herself as a he.

sexual woman. The authors, including the London, Ont., physician Dr. Amnon Chertkoff, who delivered the baby (but did not examine him), and psychologist Kenneth R. Zucker of Toronto's Centre for Addiction and Mental Health-Clarke Institute, speculate that while her upbringing established a female sexual identity, previous biological factors may have been more influential in determining gender role and sexual preference.

The earlier case involved a boy—son of a set of identical twins—who also had his penis as the result of a circumcision gone awry. When he was 15 months old, the child's parents, who also consulted Money, decided to raise him as a girl and doctors subsequently removed his testicles and began constructing a vagina. Money reported that despite tomboy characteristics, by the age of 9 the child's behavior was "normally that of a active little girl" and "clearly different by contrast from the boyish ways of his twin brother." That seemed to support Money's belief that at birth a child's gender identity is "incompletely differentiated" and open to modification by environmental influences. In other words, nature could triumph over nurture.

That conclusion was severely jolted by later events. By the age of 14, the patient—now known to researchers as "John/Jane"—was reasserting his maleness and a new set of physicians started testosterone therapy, seriously removed his breasts and began construction of a new penis. At 25, he married and adopted his wife's children. Now in his early 30s, he has told doctors that he never felt comfortable as a girl and was sexually attracted only to females. That story only emerged last year, when Diamond and a Victoria child psychiatrist, Dr. Ruth Schwartzbard, published an account of John/Jane's return to life as a male. Money declined to talk to Maclean's, saying he had a policy of not discussing the case with the media. Diamond and Schwartzbard did not respond to calls.

Experts estimate that perhaps one out of every 2,000 North American infants are born with deferred or ambiguous genitalia—and that in the United States, hundreds of such sex-change operations have been performed in recent decades. Now that the facts of John/Jane's later life are known, some physicians may be inclined to embrace Diamond's view that sex-change surgery should be postponed until the children involved are old enough to make their own wishes known. Still, Zucker is convinced that in the most recent of the two cases involving Canadian boys, doctors made the right decision—given the overwhelming social and psychological problems an boy would face living through childhood without a penis.

MARK NICHOLS

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Learning to play the markets

Next spring, business students at McMaster University in Hamilton will be swapping their red suspenders and pursuing the financial markets on their very own state-of-the-art trading floor. A joint venture of CBC Wall Markets, Reuters Canada news agency and the Toronto Stock Exchange, the room will come equipped with all the bells and whistles, including a trader-to-trader connection from one of the big brokerage houses. Everything will be there—except money. One of the conditions of getting instantaneous access to the TSE database is that students cannot actually execute trades. "This is primarily for simulations and research," notes David Conradi, dean of the Michael G. DeGroote School of



UGS finance student Sarah Towns, 18, and intern on Bay Street

High-school strikes loom over Ontario

Barely a week goes by without another group of Ontario high school teachers going to on strike in September. By the end of last week, at least 30,000 high school teachers in 83 of 31 public school boards have signalled their readiness to walk off the job in what would be the second teachers' strike in as many years. The main reason: government funding changes which have triggered layoffs, notices for 8,000 redundant teachers this spring, and have forced high school teachers to spend an extra period—several or eight—in the classroom. Many of those laid off will be called back, especially as nearly 9,000 Ontario teachers have taken early or full retirement, up from 3,500 a year ago. The conditions of the latest uncertainty include many after-school sports and culture programs which are being cancelled. The beneficiaries? The students? The students! The Catholic schools, which are offering a range of courses in their summer courses to accommodate high school teachers seeking extra qualifications to teach elementary and junior grades—where many find the jobs will be. At Queen's University in Kingston, Ont., the number of teachers seeking summer school upgrades this month has increased by 955 from 897 a year ago. "It is just another indicator of the competition for scarce jobs," observes Glenn's faculty of education registrar Lynne Poole.

Student debtors face the music

Sudent debtors who default on their provincial loans will not be able to hide from the **Star** nor any lawyer. As of this month, provincial governments have the right to ask Revenue Canada for their share of any refund owed a delinquent debtor. The new law, passed just before Parliament recessed at the end of June, still puts any money owed the federal government and court-ordered support payments ahead of provincial claims, and it requires a memorandum of understanding with each province before it can be put into effect. So far, only British Columbia has signed on. But Ontario, with 45,000 student loan debtors and \$150 million in outstanding IOUs, is eager to give the new law a try. "This will be a last recourse," says Leslie Nasos, head of collections at Ontario's Management Board Secretariat. The province is still obliged to track down debtors first through internal means or collection agencies. "This is where we can't find your address, we can't find you anywhere," says Nasos. "Sometimes, this is the only way we can put a social insurance number to an address someone applies for a tax refund

business. So, he is hoping to raise an additional \$600,000 so that a select group of students can manage their portfolios. If he is successful, McMaster will join a handful of universities that allow their students to play market manager with hard cash. The biggest may be the University of Wisconsin at Madison, where, under the university's board of regents authority, the board of governors authorized its business students to invest \$10 million of the university's endowment fund. The biggest in Canada: University of British Columbia's Portfolio Management Foundation, which has turned \$1 million in donations into a \$2-million fund and uses the profits to underwrite the students' travel and living expenses while they intern during the summer at some of the country's largest hedge funds. Vancouver Observatory faculty supervisor Robert Heinkel: "We are often ranked in the top 10 percent of all portfolio managers in Canada."

Who owns the Catholic schools?

Catholic school authorities in Newfoundland have gone on the losing end of two referendums and watched as 40 Catholic school trustees stripped them of their responsibility for denominational schools. But they are not giving up the ghost. Next week, they will be back in the Court of Appeal with the government of Newfoundland, trying to get an injunction against the province's new Schools Act. Meanwhile, many in the church see authority to determine who actually owns the 123 Catholic schools that are now to be run by independent boards. Under the Schools Act, the church keeps ownership of the property—but cannot sell the land while there is a school on it, change rent or have control over how the buildings will be used. "We have no difficulties with our schools being used in schools, even with the fact that it is no compensation," says Beaumaris Fagan, executive director of the Roman Catholic Education Committee in St. John's. "But we always need the permission for religious educational purposes after school." Church and state have reached a partial agreement, but the fine print of owner's rights may have to go to arbitration. It is sold to one hand, but not be able to use it, allows Fagan. "But oddness," he says, "is in things we have come to live with in these matters."

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Obituary

Cowboy innocence

Roy Rogers was a hero to the first TV generation

BY MICHAEL ENRIGHT

If there had been no Roy Rogers, I might have made my first communion on dust and gone on to become upstanding in church and community.

If there had been no Roy Rogers, there would have been no Roy Rogers' lunch boxes and we would have just plain starved because no one in our crowd was drowsy enough to carry a Davy Crockett lunch box and besides we hated lunch anyway.

In short, where had been no Roy Rogers, somebody on our block would have invented him. The newspapers and the radio and the television put it all wrong: Roy Rogers didn't die last week at the age of 86.

He died 60 light-years ago when we started our first paper routes or went into Grade 9 or received our first paychecks or made our first mortgage payments or perhaps he died the year we discovered that teenage girls weren't as ugly after all.

He was the first television hero to the first generation of television boys and we didn't know or care that his real name was Leonard Slye and that he was born in Ohio.

He was our Saturday morning savior, our weekend warrior who could be two-faced tough but always fought the fine fight. As they like to say in west Texas "He had more guts than you could hang on a fence."

It is difficult to this remove to describe or estimate the impact of early television on us—11- and 12-year-olds in the early Fifties. Our involvement with TV was relentless and largely obsessive. We did not merely watch television; we watched real programs.

And the Roy Rogers Show was in there with the times.

Elspethower was president Town Thru

and Saint-Laurent was prime minister Up

Michael Enright is a senior of CBC radio's *This Morning*.



Rogers with Trigger: the Saturday morning savior who fought fair

cowboy. He had a movie face with blue eyes that got all squinty like and pinched when he was angry. True, he owned the Double-Bar Ranch but he never seemed to work at it. He didn't need fence line or brush or cattle because (look God!) he just seemed to hang around to "help out the sheriff."

He knew how to fight and I can't recall a fistfight where his fist came off—and that's critical to the cowboy image. Last year in Montana, I was fired off a good old quarter-horse gelding like a softball through a Stone's Super Jumbo straw—but my fist stayed on.

One Christmas, my parents gave me a complete Roy Rogers outfit, two guns and holsters, chaps (dismantled shape), by the way, and western hat with stamped string. Throughout that winter I played in the streets in my Roy outfit and not much else. I fell to the blows of several colds and this and ultimately pneumonia, which meant I was in hospital when my class celebrated first communion Sunday. But it was worth it.

Roy Rogers started off in my love of horses but I didn't think much of Trigger. To my young mind, Trigger could have been stalled alive for all the interest he commanded. And being a polorino, he was no doubt victim to that breed's odd genetic makeup—small brain pan, frenched-out hyperkinetic personality and a tendency to like George Attry had the better horse in Champion and the better song in *Back in the Saddle Again* much better than the sappy *Melody Train* to *Five*.

But Roy had Dale Evans, a perky, peacock-coupled with the sexual allure of Gobby Hayes. We were never clear about Dale and Roy Were they married? Must have been, set they rarely touched and never kissed, there was never a hint of scandal. But then we were pubescent beings of hormones and there was no sex anywhere in our lives, except what came to hand.

It is doubtful that any future social historian will note Roy Rogers as anything other than a major TV star as a dogperson's weekly outer. But for some of us, Roy was a mother in our early lives while things were still in live form and even things were bright. He came from a time that now exists only in a nostalgic imagination.

But for people it was real. It was a country, ploughed dirt, bathed in the aquamarine warmth of youth when soft, mellowed boys stood tall in their Roy Rogers-suits and the only goals in schoolboys' field caps □

Birds Hill Provincial Park to Stein to Cockburn, Jackson and Berger—plus 300 international artists.

Conceived as a one-time concert to celebrate Winnipeg's centenary, the event is now the largest and one of the longest-running folk festivals in North America. Half of the audience comes from other provinces and about a third from the United States. For Canadian folklorist Cockburn, the festival's success can be attributed to the organizers and volunteers. "There was always a sense that this would turn into something great," says Cockburn, 53, who has played the festival three times. "These people have a good attitude and a lot of commitment and drive." Calgary singer-songwriter Jason Arden, 36, who made her first appearance at this year's festival, told MacLean's that she enjoyed hearing other performers. "It's a big music fest," she says, "so it's nice to stand on the side of the stage and listen to other groups and be influenced by things they do."

With such stalwart mainstays as Los Lobos, an American-Mexican band, and Gen X invertebrates Ani DiFranco, the latest "folk" might be a stretch for the event. "If Ani DiFranco can be a folk singer, anyone can be," says Cockburn. "I guess folk now is anything that isn't commercial or jazz." Cockburn developed his own working definition during his tenure: "If I say it's folk music, it's folk music." And Arden jokes that folk festivals usually showcase everything but folk. "What's important is that people know why they are attending," she says. "It's fun time with the family, listening to great music."

People

Edited by
TANIA DAYNES



Photo: GENE WOODWARD

Folkfest memories

Michael Podolak jokes that when the Winnipeg Folk Festival was first launched in 1974, the most common question was, "Where's Whistler?" Podolak, who served as the artistic director from 1974 to 1986, thinks his initial response, "We're just a two-hour drive north of North Dakota," helped. Last year, 32,000 music lovers attended the event and were entertained by such artists as Bruce Cockburn, Tim Jackson and Mike Seeger. Podolak developed a quarter-of-a-century in last week's festival, where more than 30,000 fans packed

Matchmaking for dog lovers

Across Liz Taylor loves beautiful Mattie. Liz's dog, companion Jerry Seinfeld is attracted to golden retrievers. These people are happy with their pets, according to psychologist and dog trainer Stanley Coren, because they choose breeds to match their own personalities. And with Coren's latest book, *Why We Love Our Dogs So Do*, hopeful puppy owners can do the same. "Close to half of all puppies are returned to the breeder, sent to shelters or killed in the first year because the owners didn't get the right breed," says Coren, 56. "We have to stop this doggie dance."

Coren has loved dogs since his childhood in Philadelphia. After attending his



doctoral in psychology, he moved to the University of British Columbia in 1973—where he is still a psychology professor. He trained as a dog instructor 14 years ago and his 1994 book, *The Intelligence of Dogs*, became a best-seller, making him an instant dog expert who appeared on radio and TV talk shows.

For his latest book, Coren—who lives in Vancouver with his wife, Joan, and has two children from a previous marriage—surveyed 6,000 people about how they relate to their pets. Then, he used 96 specialists—such as dog trainers—to categorize 133 breeds into seven new groups based on behavior. And for that other breed of human, the cat lover, Coren—who owns two dogs—includes a chapter about bonding with felines, though he admits, "Cats are not my cup of tea."

Coren with Duke, a doggo divorcee

Fighting for laughs

Now that *Godzilla*, *Deep Impact* and *Armageddon* have dumped their nongiant payloads—without quite saving the world as fire—along comes a science-fiction buster for kids, one that turns *Godzilla's* “wee does matter” slogan on its head. *Small Soldiers* reduces the save-the-world scenario to toy-town scale. The world, in this case, is a suburban house under military siege by an army of plastic action figures. The basic concept is *Toy Story* with adults. *Toy Story* was an animated fantasy about low-tech toys that came to life; *Small Soldiers* is a live-action movie about high-tech toys that come to life, not by magic, but by technology run amok—a plateau of *Milton Bradley* Terminators with silicon-chip intelligence.

Though clever, sprightly and funny and technically exhilarating, this action comedy has neither the originality nor the universal appeal of *Toy Story*. And *Small Soldiers* is not for small children. It is too long (nearly two hours), too lurid and too violent. Its ideal audience, presumably, is a preteen boy at the hormonal crossroads. But the film leaves only panders to parents as well as kids. It is a war movie with an anti-war message. And, surely in step with the success of *The Thin Red Line*, it has a patriotic premise masking the evil genius of globalized capitalism.

A military corporation called Goliath Industries has moved into the toy business.

Using a computer chip designed for military weaponry, it creates a new line of “toys that play back.” An action figure named Major Chip (voiced by Terrence Lee Jones) leads the Commando Team, a squad of GI jokers programmed to destroy an encroaching line of toys called the Gorgonites, peace-loving creatures searching for their lost homeland. The story’s teenage hero (played by Causing Gregory Strifka), gets an advance shipment of the new products while guiding his father’s old-fashioned toy store. Overnight, the toys burst out of their packages and the mayhem begins.

Uffed with wacky aside, including a blast of Wagner from *Ajaxianpar Noe*, the movie is a patchwork of well-worn devices. A mutant breed of dominoes. Badie dolls in



Damnit, Death is
Small Soldiers.
*A Station of
Hopeless
Teenagers*

lilied strafes from *Toy Story*. Director Joe Dante combats his own *Creativity* (1984). And the plot plays like an adolescent upgrade of *Home Alone*, with the toys inventing an arsenal of homemade weaponry from household objects such as nail guns, chisel saws, corn cob holders and soakers.

While the gizmocracy is ingenious, the story is lame, especially the oily romance between the toy hero and an older girl next door (Kristen Dillot). As her overbearing father, the big Phil Hartman is a treat. But his performance is just one of many ugly parts assembled into a chunky product.

I’m not alone what a messenger has to put up with these days and I’m not the lead. *There’s Something About Mary* is the latest gross-out romp from director brothers Peter and Bobby Farrelly. The fat-boy becomes what-a-deafie Dumb and Dumber and *Kaggle*. It is a deplorable tawdry romantic comedy about

Stiller, Diller: distinctly unrefined romantic comedy



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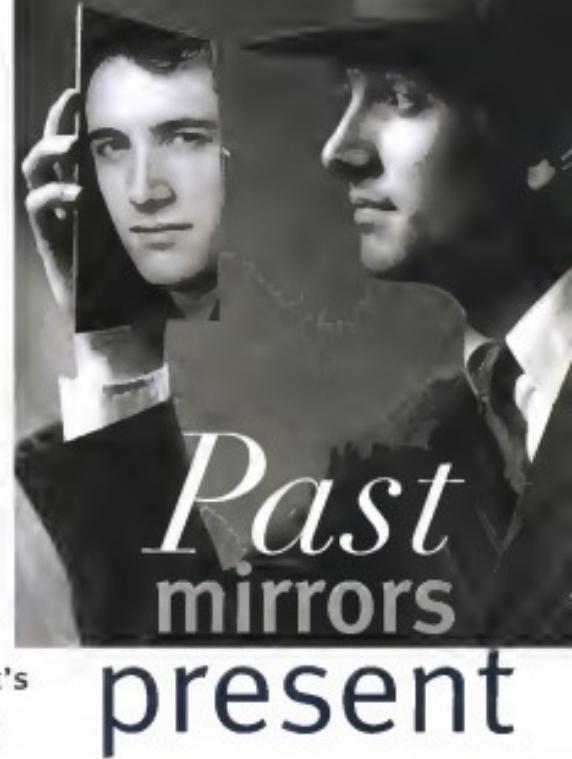
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Busy, busy baritone

After five months on the road, a weary-looking Gino Quilico can afford the obvious. "This time, I'm tired," said the 43-year-old baritone, sitting in a chair in his Montreal studio and eking out an unusually long stretch from home, juggling open performances and rehearsals in preparation for *Die Zauberflöte*. But his repose was to be short-lived; just last week, after a month-long tour, Quilico was back onstage in Orgeat, N.Y., singing the role of the swarthy doctor Elizabethan *Coronation*. Next, Quilico will tour two more Canadian musicals—*King and I*, in Kingston, Ont., and *On Your Toes*, in Ottawa—on July 30. Finagle aside, when Quilico is in Montreal, his good humor is still intact. Recalling an April performance in Spain of *The Barber of Seville*, he noted how a high fever had left him feeling slightly delirious "I was terrible—I was actually having a nightmare, strangely enough."

shocking voice. With his lyric baritone voice, striking good looks and dynamic stage presence, he now commands attention. "He's one of the new generation of opera singers that combine terrific acting ability with vocal talent," says Philip Rose, artistic administrator at the Canadian Opera Company. Conceived with a lovely sense of humor at heart, Quigley has been known to show flashes of temper in his professional life, once putting his fist through a piece of scenery. "I don't need to be an angel," he says.

" says the singer, who acknowledges that he can be demanding.

Guillico started his nursing career at a local hospital, but by age 16 he had moved on a nurse role with the Canadian Army Company and was based. He returned to his father and late mother, as a Pharmacologist, a gifted cancer specialist, for five years of extensive medical training, and completed at the University of Toronto's Faculty of music. His most famous, Guillico achieved early success, having a contract with the Paris Opera when he was 20. "In my way, his career is as amazing," says Bowell. "He just started very early and has maintained a very, very career." He first appeared in film and videos and made more than two dozen recordings, including the 1985 *Ziggy*, which, incidentally, Guillico the principal singer, won a Gemini Award for best opera recording.

Quicke has also appeared several times with his father, including a memorable 1986 Toronto production, *Doe Gouverneur*. Reardon died in 1991 at age 69 and is buried in Tasmania after Gene's mother died in the previous Quicke downspout engagement. "It's not a hit," he says that there comes a point in life where "you have to go your own way if it's part of you." Following in his father's footsteps has not been easy. Quicke claims that he has had to work harder to impress himself.

are notable differences between the two. Gao Qifeng is a lyric bardic poet; with his literary-based values, is more cerebral. But Gao Qifeng has chosen to return to his Tu territory, instead of settling in the capital. He happens to come from a day-tackish family whose father's signature rule, *Ruyiguo*, "I want to do it when I feel that I can bring something different to it, without teaching him," says Qifeng. "Because for me, he is perfect."

Quince shares a house out with his second wife, Kathryn, their two children. When he is in, he often wanders over to his studio in a nearby apartment of, love-piano guitars and a synthesizer-composing songs with a World Music ensemble; his open calendar has filled in until 2002, including performances this fall at New York City's Metropolitan and a return to l'Opéra de Paris in 2000 for *Othello*. He also booked a solo spring tour in Toronto—the first there in 16 years. For Quince's forthcoming, it's long overture.

RENDIDA DINA SISTEMI

Barenaked in America

BY NICHOLAS JENNINGS

The Ladies' Luck has changed. While Canadian Barenaked Ladies have flailed at home in the past few years, their career has exploded south of the border. Last week, with the release of the pop band's latest album, *Sheet*, the five musicians performed on ABC-TV's *Good Morning America* before an audience of 3.8 million viewers. Later that same Monday, the Ladies headed to Boston where they gave a free, half-hour concert for 80,000 people—double the number local officials were expecting—in front of city hall, followed by a four-hour autograph session. On Tuesday, they delivered more hours and signatures to fans at a Detroit music store. Then it was on to Chicago, where the band did it all over again at a downtown record outlet. By Thursday, the group was aboard its tour bus, heading west to Milwaukee, Wis., to headline a rock festival that will travel the continent for the rest of the summer. "It's Barenaked time in America," gushed Michelle Engle, music director of Boston's WMUR. "They're a fantastic group with great songs and a unique chemistry. We can't get enough of them down here."

It's a reversal of fortune for Canadian pop's formerly favorite sons, who in recent years had seen their record sales plummet. After their 1992 debut album, *Gordons*, were nine-times platinum at home (selling 900,000 copies), the band seemed to suffer from overexposure and the perception that it was merely a novelty act. With hitless status hovering over their heads, the Ladies hired Terry McBride, the savvy Vancouver-based manager who engineered Sarah McLachlan's rise to stardom. According to McBride's formula, the band doggedly toured the United States, building a word-of-mouth following with their dynamic live act. After achieving a modest U.S. hit with *The Off Apartment*, from the group's fourth album, *Sure or Not*, the Ladies released *Rock Spectacle*, a collection of live songs from previous recordings that was conceived as a stopgap until their next studio album. Surprisingly, the live recording proved to be their breakthrough, introducing Americans and others to such cult hits as "Brian Wilson" and "I Had \$1,000,000." It has since sold an accom-

The band is reviving its fortunes on the road



The Ladies.
Sophisticated pop
humm and
dazzle our duds

platinum 800,000 copies in the United States, paving the way for last week's release of *Sheet*. Already, the new album's first single, "One Hit," is headed towards Top 10 charts. And with the 42-date H.O.R.D.E. rock festival and a July 29th TV date on the *Late Show with David Letterman*, the band's U.S. profile can only grow.

Setting in an upscale Toronto dinner last month, the group's usually wincing frontman, Steven Page, and Ed Robertson, were uncharacteristically serious in their reflections on their fall from grace in Canada. They admitted that a sense of fear is an American audience's embrace of the band—which includes bassist Jim Creeggan, drummer Tyler Stewart and keyboardist Kevin Briscoe—while many Canadians still take the group for granted. "I exaggerate," Robertson concedes that a woman he recently met in Toronto asked him if the band was still together. When he told her they had been performing in the United States for almost two years, she responded with "Oh, you're from us."

Robertson says he just nodded, but now adds, "I felt like asking her when she last went to one of our concerts." Page, who also sings and plays guitar, agrees mused too. "People always say, 'Stay Canadian, don't get too big.' What do they think we're going to go out and embarrass them in front of the world, that we're going to Ben Johnson them or something?" I just don't understand that part of the Canadian mentality. I hope the country grows out of it."

The Ladies themselves have reigned their image as the five geeky guys from the Toronto suburb of Scarborough, an image they perpetuated through songs about high school and a professed love of Kraft Dinner. While humor has remained a key part of their live shows, their look has changed: guitars and designer duds have replaced Barenaked tailoring. And the band's albums have become progressively more mature—sophomore pop rather than sophomore chick. *Sheet* (Berklee/Warner) represents the band's most accomplished work to date. The rapid white-boy rap of "Our Wish" captures the irreverent spirit of Barenaked concerts, while *As the Car Is a Lightbulb* is a touching coming-of-age song about teenage sex. Songwriters

Page and Robertson tackle darker subjects, such as suicide, in "I'm Be That Guy." But the album's most cleverly crafted tunes are the gentle "Gal and Answer" and the jaunty "Tell Me No See," which places the Ladies squarely in the same league as British songwriters like Elton John and Hall & Oates.

McBride, who helped peak U.S. sales of McLachlan's 1997 *Sheet* during a tour past the *Grammy* mark, is convinced that the Ladies will roar to another plateau with *Sheet*. "They've learned exactly what they had to do with this album—a great collection of pop songs," he says. The Vancouver manager, who keeps in constant touch via the Internet with the Ladies, their record company and booking agents, added, "These guys have done everything. They need to do an extensive appearance schedule, club dates, outdoor festivals and their own theater dates." The strategy, which he calls "macro-marketing," involves building an audience in each city piece by piece. "That way," says McBride, "every time you come back, you're bigger than the last time. You've got more followers. It's incredibly hard work, but I won't take on an artist unless they're willing to do that. It's the main commitment that *Sheet* has to make."

While McBride's approach has succeeded in breaking Barenaked Ladies into the U.S. marketplace—where other talented Canadian acts, including Blue Rodeo and The Tragically Hip,

have so far failed—the constant touring exacts a personal toll on the group. Page, Mr. Robertson, is married with a child, and he admits that he is rarely home. "It's a huge sacrifice," says the guitarist. "Basically, my whole life revolves around the band," adds Robertson. "I don't know how many times I've had to blow off a family event to do a gig. That's hard on your family because they start to feel second-class."

The big question is, will the American breakthrough translate into a Canadian comeback? "It would be nice," Page insists. "We've been from selling out four nights at Tel Aviv's Military Hall to not being able to sell out a single night. It's a hard thing to get used to, especially in your home town." But at the same time, both he and Robertson insist that if domestic popularity continues to erode there, the bank is not about to foreclose on their mortgages. Says Robertson: "The success in the U.S. has given us confidence that whatever happens, we'll be all right." Confidence, but no arrogance. Both men insist are acutely aware of the band's good fortune in getting a second shot at stardom. "We have to put ourselves in the shoes of other Canadian bands who look at us and say, 'Yeah, but you've had a *Grammy* platinum album. What are you complaining about?'" And they're right; we have been incredibly lucky. But we've also worked really hard for this." □

NEW PATHS FOR POP VETERANS

Barenaked Ladies' Steven Page and Ed Robertson were still in high school performing their class-cover routines, when 54-40, Cowboy Junkies and The Tragically Hip cut their first records. Now, more than a decade after their debuts, all three bands have released albums that shed light on their longevity. To varying degrees, each longingly represents a change or musical direction—proving that, in pop music, nothing works quite like reinvention.

Cowboy Junkies can boast the most radical rebirth. The four-piece band, helmed by front Michael Timmins's olive-skinned country dithers and older Marcus' light-as-chiffon vocal delivery, has been gradually moving towards a faster, more potent sound. With *Miles Away Our Home* (Geffen/Universal), its seventh album, the group shifts into high gear, throwing organ, strings and layered vocals into the mix to deliver its most driving and diverse album to date. The opening, "New Dawn Coming," sounds a clarion call: over crashing drums and a probing bass, Marcus sings hopefully of a personal rebirth. Similarly upbeat is the breezy title track, which may be the highlight: the melancholic "Juniors" has been soured. But the real shocker is "Someone Out There," a sweet, seedy ballad that suddenly turns ugly when Marcus riles to God angrily as "that f--- up there." Coming from the normally dourly dour singer, it has the effect of a bomb going off.

While the Junkies swing away from

country-based sounds, Vancouver's 54-40 runs heading into desperado territory with its seventh album, *Since When* (Sony). Full of swirling acoustic chords, no steel guitars and loads of bad-back choruses, the 12-song collection evokes The Byrds, Green Peace and Harvest era Neil Young all at once. Singer Neil Osborne's low drawl serves best suited to mid-tempo country rockers like "Angel in My Bed." But he can also handle

sleeker love songs, such as "I Could Give You More," and prettier tunes like "You Should Come Over," especially with the sensuous wail help of Gillian Headstone, Sarah McLachlan's backup singer. The album suffers from the lightweight nature of some of Osborne's lyrics, and even an abundance of orchestral string cannot save those songs. Still, with its worn-out sound, the band has produced a winner.

Like the Barenaked Ladies, the Hip is a formidable live act. But, increasingly, the Kingston, Ont., band has been using the studio to stretch itself artistically. Now, with its eighth album, *Phantom Power* (Universal), the Hip has expanded its musical palette, adding stringed instruments and dreamlike organs to paint singer-songwriter Gord Downie's edge, all-disco pictures. As its title suggests, the album has a giddy feel in tracks like "Reaper," with its sprightly depictions of non-smokedritchities and bent-backed Mexican farmers. But the album also has a playful side, best reflected on the brashly rocking "Fireworks," in which a god tries to loosen a hockey-addict boy's "grip on Robin On...," "Robin's signature having purpose." Downie sings in "Something On." The name could be said about Downie and the Hip who, with Phantom Power, have produced a litter of witty inventive songs.

MA



54-40
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potent
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since



Peter C. Newman

Making the case for bank mergers

Two political campaigns are disrupting the lazy days of this long, hot summer. The first, of course, is the contest for leadership of Canada's dormant Conservative Party. To those between Joe Clark and Hugh Segal should be as simple as having three darts thrown, with the loser taking the job.

The other campaign is more complicated and much more significant. John Cleghorn, the chairman of our largest bank, the Royal, is travelling the rubber chicken circuit, trying to persuade Canadians to love their banks—to love them enough that they will be allowed to become at least twice as large and money-lenses more powerful than they already are.

His dilemma is reminiscent of the Canadian soldier or peacekeeping duty in the Middle East who shuns lies onto a grille in the desert. "The not like most general," warns the little augustus. "I only grant one wish, not three. What's yours?"

The soldier pulls a ring of the fingers out of his back trouser pocket and says, "Look, general, here's Iraq, Jordan, Syria, Israel and the Palestinian territories. Everybody's fighting all the time. My wish is that you bring peace to the Middle East." The general is shocked. Most people demand well-outwarded ears or sleek blimps and here is this Canadian asking for peace in the Middle East.

"Sorry," replies the general, "it's very difficult, even for heroes, to bring peace to a whole region."

The soldier is visibly disappointed. He refolds his ring, puts it back in his pocket and starts walking away.

"Come back," says the general. "Since you're so wonderful, I'll grant you another wish."

The soldier is delighted. "Look," he says, "I come from Toronto, and I want the Maple Leafs to win the Stanley Cup."

"Oh, all right," says the compensated general, "let me see that damn ring again."

That's a fairly accurate assessment of Cleghorn's dilemma. He knows the public perception of Canadian banks is set in concrete: that they are too big and too powerful, that they make huge profits and pay enormous taxes, that they charge small business, charge their customers extravagant service fees, and would gladly tax small town that would expand these already bloated balance sheets.

To be the person who can transform such Canadian misconceptions! Don't let against him. Mergers are in the air and if he can make a credible case by going over the politicians' heads, it might just work.

Cleghorn is the poor man for the quartet of Canadian banks with the urge to merge. He'll never be a television star, but he does have

remarkable tact. (A definition of "tact" is what Joe Clark doesn't have.) His determination is based on conviction, not whine or anger.

Shy and introverted he may be, but Cleghorn's not bad; he's just not negotiable. Somewhere in his past he became convinced that big was beautiful.

To make his case, Cleghorn needs to explain that banks have lost their unique ability to create money, credit or anything else. There are no longer other banks but firms like Steve Hodder's Newcourt, which replicates most banking functions with minimum overhead, or Microsoft, which, if it had been allowed to acquire software rival InSoft, could have transformed itself into a virtual consumer bank.

As it is, the Royal's not exactly a nose-and-pug operation. The bank has 30 million customers and total assets of \$11 over a quarter-trillion dollars. In 1987, it earned a net profit of \$1.6 billion, the largest of any Canadian enterprise, ever. Despite the growth of electronic banking, there are probably more bank branches than pugs and tarts in this country.

No matter how high they rise, Canada's bankers retain a kind of green-eyed-hope, good-luck-who-got-to-the-marks expectation about them. They are dutiful soldiers, dutiful sons, dutiful husbands—straightforward revolutionaries in a heretical world. Just like Joe Cleghorn.

The man with the best claim to what makes Cleghorn ticks is former Royal Bank executive VP Don Wells. The two men go back more than 30 years. Back in 1963, they had a long, liquid evening at the Hilton Hotel bar in Quebec City and by about 5 a.m., Cleghorn, who was then with the Montreal Bank in Montreal and was being groomed for promotion to its US head office, admitted he'd like to stay in Canada and join the Royal. Wells recommended him to deputy chairman Doug Gardner, who hired him shortly afterwards. (Wells was so hung over the next day that he had a minor car accident that cost him a \$125 legal repair bill.)

"He's a genuine person," says Wells. When Wells was invited to the 1979 wedding of Cleghorn's daughter Andrea, long before his friend became chairman, what struck him was that he was the only Royal Bank guest there. Instead of trying to exploit a social occasion to impress his peers, Cleghorn had used it to solidify his friends.

In November 1984, when Cleghorn became CEO, he handed Wells a cheque for the \$150 franchise leader. Wells singlehandedly argued for the amount—\$150—which Cleghorn finally paid up at Wells's retirement party earlier this year. Wells was touched by the gesture and wished his friend godspeed.

He'll need it. So far neither Cleghorn nor any of the big bank executives have explained what, precisely, the amalgamated banks could accomplish that they can't do now—except, of course, bring peace to the Middle East.

Shy and introverted he may be, but John Cleghorn's belief system is not negotiable. Don't bet against him.



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